

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Council**  
**15 February 2023**

**Report Title:** Revenue and Capital Budgets and Strategies 2023/24

**Submitted by:** Head of Finance (Section 151 Officer)

**Portfolios:** Finance, Town Centres and Growth

**Ward(s) affected:** All

**Purpose of the Report**

This report sets out the recommendations of Cabinet for the 2023/24 General Fund Revenue Budget and the 2023/24 Capital Programme and sets out the recommendations for setting the 2023/24 Council Tax.

It also recommends for approval the Medium Term Financial Strategy 2023/24 to 2027/28, the Flexible Use of Capital Receipts Strategy (updated for 2023/24), the Capital Strategy for 2023/33, the Treasury Management Strategy for 2023/24 and the Investment Strategy for 2023/24.

**Recommendation**

1. That the Council approve the schedule of recommendations set out in Appendix 1.

**Reasons**

A robust, affordable and balanced budget is required to be set for the financial year 2023/24.

The Council needs to have an approved Flexible Use of Capital Receipts Strategy for 2023/24, an approved Capital Strategy for 2023/24, an approved Treasury Management Strategy for 2023/24 and an approved Investment Strategy for 2023/24 in place before the start of the 2023/24 financial year.

1. **Background**

- 1.1 This report is the culmination of the 2023/24 budget process. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have considered the content of the 2023/24 budget and the resultant Council Tax which is recommended. Cabinet met on 7 February 2023 and recommend a Council Tax for this Council in 2023/24 of £214.42 (based on Band D), as set out in Appendix 1 and Appendix 2. This is an increase of 1.99% (£4.18) a year from the 2022/23 amount, this is below the increase permitted without triggering the requirement for a referendum.
- 1.2 The Council is committed to the delivery of high quality services. Integral to this ambition is effective targeting of financial resources in line with the vision of "good local services, a prosperous borough and safe and welcoming places for all" and the Council's stated aims and objectives, as set out in the Council Plan 2022-2026, which was approved by Cabinet on 6 September 2022.
- 1.3 The Medium Term Financial Strategy (MTFS) (Appendix 3) sets out the Council's financial position over the next 5 years. This is aligned to the Council Plan 2022-2026 and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas.

- 1.4 Despite the COVID-19 pandemic and the Cost of Living Crisis, and the challenges faced by the Council in its response, there has been good progress against Council Plan objectives in the current year, with high standards of service delivery being achieved overall. Key Council Achievements, linked to the Council Plan objectives, are reported to Cabinet on a quarterly basis. (Details of the Council Plan 2022-2026 can be seen here <https://www.newcastle-staffs.gov.uk/policies-1/council-plan-2022-2026>).
- 1.5 The 2023/24 budget is based on the assumptions set out in the MTFs which was reported to the Cabinet at its meeting on 10 January 2023 and scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 19 January 2023 (please see 2.18), and subsequently approved by Cabinet on 7 February 2023 for recommendation to Full Council.
- 1.6 The Capital Strategy 2023/33 (Appendix 9) sets out how the Council proposes to deploy its capital resources in order to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.7 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires approval by Council concerning the Treasury Management Strategy (Appendix 10) to be followed in carrying out its treasury management activities in the forthcoming financial year, 2023/24.
- 1.8 The Investment Strategy 2023/24 (Appendix 11) is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code') It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

## 2. **Issues**

### **Budget 2022/23 – Provisional Outturn Forecast**

#### **Revenue**

- 2.1 The Council approved a General Fund Revenue Budget for 2022/23 of £15.269m on 23 February 2022. The actual and forecast position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 2.2 The Coronavirus pandemic continues to have an impact on the Council's financial position, primarily through lost income, although this is showing a marked improvement compared to the losses incurred during 2020/21 and 2021/22. No Government funding for 2022/23 in respect of financial pressures relating to the Coronavirus pandemic (including income compensation) is likely to be received.
- 2.3 The Council's revenue budget relies on service income from fees and charges income of around £725k per month across a wide range of services, with a significant proportion coming from Jubilee 2 and car parking. Taking account of the current restrictions it is forecast that income losses from fees and charges for the financial year will amount to £0.631m.

- 2.4 The local government pay award of £1,925 per full time employee, which is in excess of the amount provided for in the budget (2.5%), including national insurance and pension, is estimated to amount to a further £0.591m for the financial year.
- 2.5 As per the widely reported Cost of Living Crisis, increased fuel, electricity and gas prices when compared to the amounts provided for in the budget are forecast to amount to £0.396m by the close of the financial year.
- 2.6 It is forecast that a balanced position will be achieved as at the close of the financial year. The adverse variances highlighted above will be offset by:
- Utilisation of the Cost of Living Reserve that was established during the budget setting for 2022/23 in order to respond to any above inflationary increases in costs. It is anticipated that the £0.400m paid into this reserve will be fully used.
  - Use of £0.240m New Homes Bonus funding paid into the Budget Support Fund that was established during the budget setting for 2022/23 in order to boost the Council's financial resilience during 2022/23 as a result of the continued impact of the Coronavirus pandemic.
  - Application of £0.167m Administration Grant paid to the Council and set aside during 2021/22 in relation to Coronavirus grants.
  - Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding, together with Section 31 grant and remaining Coronavirus grant funding (that are repayable to Central Government) is forecast to increase significantly following recent interest rate hikes to £0.513m for the financial year.
- 2.7 Expenditure continues to be reduced wherever possible throughout the Council to ensure that only absolutely necessary spending is being incurred, this helps to reduce the adverse variance on a service by service basis. It has been forecast that this situation continues throughout the remainder of the financial year.
- 2.8 Further consequences of the Coronavirus and the Cost of Living Crisis on the Council's financial position will depend significantly on any restrictions being imposed, the recovery of income from fees and changes, rates of inflation and on any further Government financial support that may be received.
- 2.9 Careful monitoring of the financial position will be required over coming weeks leading to prompt corrective action where necessary to ensure the Council remains in a position of being able to deliver a balanced budget position in the current financial year and beyond.

### **Capital**

- 2.10 A Capital Programme totalling £32.309m was approved for 2022/23. Of this total £30.309m relates to the total cost of new schemes for 2022/23 together with £1.000m for schemes funded by external sources (Disabled Facilities Grants) and £1.000m contingency. In addition £5.548m has been brought forward from the 2021/22 Capital Programme (including £4.017m from the Town Deals Fund and the Future High Streets Fund), resulting in a total Capital Programme of £37.857m for 2022/23.
- 2.11 At the close of quarter three the profiled capital budget amounts to £5.525m, actual spend for this period totals £5.574m.

2.12 A mid-year review of the capital programme for 2022/23 has been undertaken as part of the Efficiency Board and budget setting process in order to identify any projects that may need to be re-profiled from 2022/23 into future years. The revised capital programme for 2022/23 totalling £32.977m was approved by Cabinet on 6 December 2022.

### **Medium Term Financial Strategy**

2.13 The MTFS indicates a budget shortfall of £2.103m for 2023/24 (please see 2.16 for further detail), further years funding gaps are shown on the table below and in further detail at Appendix 5.

2.14 A number of savings and funding strategies have been identified as being both feasible and sustainable (Appendix 4), via a vigorous Financial Efficiency Board process including challenge sessions for each of the Portfolios involving Cabinet Members, the Executive Management Team, Heads of Service and the Finance Manager. The proposed savings identified to date for the period of the MTFS, have enabled a balanced financial position to be proposed for 2023/24.

<b>Detail</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
Income	270	-	-	-	-
One Council	376	-	-	-	-
Staffing Related	18	-	-	-	-
Good Housekeeping	215	-	-	-	-
Tax Base	337	219	222	224	227
Council Tax Increase	159	161	163	165	167
Government Grants	728	-	-	-	-
<b>Total Savings</b>	<b>2,103</b>	<b>380</b>	<b>385</b>	<b>389</b>	<b>394</b>
<b>Updated MTFS Gaps</b>	<b>2,103</b>	<b>1,593</b>	<b>423</b>	<b>455</b>	<b>1,299</b>
<b>Remaining Gaps</b>	<b>-</b>	<b>1,213</b>	<b>38</b>	<b>66</b>	<b>905</b>

### **Revenue Budget 2023/24**

2.15 The MTFS provides for a gap in 2023/24 of £2.103m and over the 5 year period of the MTFS of £5.873m.

2.16 The table below shows the factors which give rise to the £2.103m gap for 2023/24:

<b>Additional Income</b>	<b>£'000</b>
Fees and Charges	(253)
Business Rates Retention	(355)
Council Tax Support	(30)
<b>Total Additional Income</b>	<b>(638)</b>
<b>Loss of Income</b>	
Government Grant (New Homes Bonus, Housing Benefits Admin)	210
Reduction in income from under achieved budgets/contribution to Budget and Borrowing Support Fund	269
<b>Total Loss of Income</b>	<b>479</b>
<b>Additional Expenditure</b>	
Employees (pay awards, increments, national insurance, pension)	1,450
Premises (business rates and utilities)	143
Transport (fuel)	172
Borrowing	305
Reduction in flexible use of capital receipts	100
Other pressures (inc. software licences, contracts)	92
<b>Total Additional Expenditure</b>	<b>2,262</b>
<b>Net Increase in Base Budget</b>	<b>2,103</b>

2.17 The savings identified for 2023/24 are summarised below, with further detail in Appendix 4. These savings and strategies enable a balanced financial position to be proposed for 2023/24.

Category	Amount £'000	Comments
Income	270	Additional sources of income generation and an increased demand for services that the Council charges for
One Council	376	Efficiencies to be generated from the introduction of a new Council operating model and the continued prioritisation of digital delivery
Staffing Related Efficiencies	18	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	215	Various savings arising from more efficient use of budgets
Tax Base Increase	337	Increased in Council Tax and Business Rates tax base
Council Tax Increase	159	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	728	Grant in respect of New Homes Bonus and Minimum Funding Guarantee
<b>Total</b>	<b>2,103</b>	

2.18 As in previous years, the first draft of the savings plan set out at Appendix 1 was made available to the Finance, Assets and Performance Scrutiny Committee for scrutiny at its meeting on 8 December 2022. The Committee also scrutinised the recommendations of the Cabinet report of 10 January 2023 at its meeting on 19 January 2023.

- 2.19 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.
- 2.20 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.
- 2.21 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.
- 2.22 One Council is a "spend to save" programme with an agreed investment of £1.200m. Recurrent benefits in excess of £1.000m 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).

### **Borough Growth Fund**

- 2.23 The Borough Growth Fund was established in 2020 for the purpose of enabling investment in corporate priorities. The Borough Growth Fund is required to be used to invest in initiatives that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income.
- 2.24 Since the establishment of the Borough Growth Fund, investments have been made in the following areas:-

Investment Area	£'000	Details
Council Modernisation	329	Embedding digitalisation across services and developing the skills of staff.
One Council Programme	100	Contribution to drive the digital programme which will transform public access to council services and drive efficiency savings.
Environmental Sustainability	100	Tree planting/carbon reduction
Walley's Quarry	75	Addressing community concerns regarding the quarry's unpleasant odour omissions.
Town Centre Support	117	Used to support the Town Deal bids for Newcastle and Kidsgrove and the rejuvenation of the Markets.
Car Parking Machines	30	Purchase of car parking machines with cashless payment options.
Commercial Property Review	20	Review to develop income generation ideas as part of the Commercial Strategy.

- 2.25 The savings and funding strategies identified in the table in paragraph 2.14 and in Appendix 4 will enable continued investment of £0.250m in the Council's priorities as per the Council Plan 2022-2026 via the Borough Growth Fund. The 'Borough Growth' fund will continue to be



used to provide pump priming investment in initiatives, including Digital Delivery, that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

2.26 The 2023/24 Borough Growth Fund investment will be used in the following areas:

Investment Area	£'000
Environmental Sustainability	100
One Council Programme	100
Economic Development	50
<b>Total</b>	<b>250</b>

2.27 In order to boost environmental sustainability within the Borough, £0.100m per annum over the life of the MTFS continues to be ring-fenced from the Borough Growth Fund to enable such projects to be fully funded. Environment sustainability work streams include the following:

- **Carbon Neutral Council** – work to support the preparation of a net carbon zero by 2030 action plan, which establishes a baseline with measurable and costed actions necessary to get to net zero.
- **Collaborative working** with partners via the Staffordshire Sustainability Board.
- **Carbon Capture or Sequestration** – tree planting and environmental initiatives on the Council's Urban Carbon Capture Areas.

2.16 £0.100m of the 2023/24 Borough Growth Fund will continue to be allocated to help drive the One Council programme. Work streams will include the following:

- **ICT Development** – continuing transformation to ease access, facilitate transactions and improve customer experience and efficiency of service.
- **Staff Development and Business Transformation** – continual investment in the improvement of staff skills and competences to drive improvements relating to customer experience and leadership.

2.28 The remaining £0.050m will be used within economic development on initiatives for boosting footfall within the town centre.

- **Town Centre Events** – to promote town centre events to increase footfall and encourage residents back into the Town Centre during the 850 celebration year.
- **Market and Public Realm Improvements** – to assist in the reinvigoration of the historic market and to supplement the Future High Streets Fund investment.

### **Council Tax and Collection Fund**

2.29 A 1.99% per Band D equivalent property Council Tax increase, producing £0.159m of additional income is proposed based on a Borough Council Tax requirement of £8,169,190. This increase in Council Tax would equate to the following monetary increases for residents:

Property Band	Annual Increase £ p	Weekly Increase £ p
A	2.79	0.05
B	3.25	0.06
C	3.72	0.07
D	4.18	0.08

E	5.11	0.10
F	6.04	0.12
G	6.97	0.13
H	8.37	0.16

- 2.30 In addition to the Borough Council Tax the Council is required to levy additional charges relating to Parish Councils, Staffordshire County Council, the Staffordshire Commissioner (Fire and Rescue Authority and the Office of the Staffordshire Police and Crime Commissioner). These amounts are shown in Appendix 1 per property band and area of the Borough.
- 2.31 Taking into account the reduced level of Council Tax Support claimants when compared to the height of the COVID-19 pandemic and other changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has increased by 431 band D equivalent properties from 37,668 in 2022/23 to 38,099 in 2023/24.
- 2.32 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) ahead of the financial year end for 2022/23. This surplus or deficit is then shared between the relevant preceptors in 2023/24 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).
- 2.33 The Business Rates Collection Fund is estimated to be in a deficit position in relation to 2022/23 in isolation, this is due to the revaluation and backdated reduction in value of a large distribution centre within the Borough. The deficit is estimated to amount to £0.996m, of which the Council's share is £0.398m.
- 2.34 The Business Rates Collection Fund also settles actual deficits from previous years, for 2021/22 a deficit of £12.024m was declared to preceptors. The actual deficit at the close of the financial year amounted to £9.594m due to the amount set aside to provide for potential being significantly higher than the amount calculated at the year end. The Council's share of this amounts to £0.972m and will be repaid to the Council during 2023/24, it will be transferred to the Business Rates Reserve to allow for fluctuations in Business Rates in future years and to provide contingency for the forthcoming Fair Funding Review.
- 2.35 The Council Tax Collection Fund is estimated to be in a surplus position as at 31 March 2023, primarily due to a continued reduction in the number of Council Tax Support claimants when compared to the height of the COVID-19 pandemic. This surplus is estimated to amount to £0.552m, of which the Council's share is £0.064m.

### **Budget Consultation**

- 2.36 Public consultation has been undertaken on the budget (Appendix 13), the consultation ran between 7 December 2022 and 2 January 2023. The consultation clearly determined that residents felt that the following services were the most important to them:
- Refuse collection;
  - Parks, playgrounds and open spaces; and,
  - Street cleaning.

It also showed that residents feel that services should be protected as far as possible, even if that required an increase in Council Tax.



### **Capital Programme 2023/24 to 2025/26 and Capital Strategy 2023/33**

- 2.37 The Capital Programme for 2023/24 to 2025/26 (Appendix 7) 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 £48.064m, including major investment into the Borough via external funding (and elements of matched funding contributions from the Council) in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove.
- 2.38 The Capital Programme for 2023/24 allows for a further contribution of £2.600m to the Multi Storey Car Park to reflect increased build costs resulting from inflationary pressures faced within the construction sector.
- 2.39 The Capital Strategy for 2023/33 (Appendix 9) meets the requirements of statutory guidance issued by the Government in January 2018. The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.
- 2.40 The Capital Programme is produced in line with the Capital Strategy for 2023/33. In addition to the Council's corporate and service objectives, as set out in the Council Plan 2022-26, the Capital Programme is also influenced by a number of external parties and factors:
- Central government and its agencies;
  - Legislation requiring capital works;
  - Partner organisations;
  - Businesses and Developers; and,
  - The needs and views of other interested parties, particularly those of Borough residents.
- 2.41 Delivering the Capital Programme for 2023/24 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2023/24 and future years.
- 2.42 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice remains to borrow on a short term basis (up to 4 years) from other local authorities whilst interest rates remain low.
- 2.43 In summary, investment in the Capital Programme for 2023/24 to 2025/26 totalling £48.064m will be funded by:
- £22.585m External Funding including Disabled Facilities Grant and s106;
  - £10.400m Capital Receipts; and,
  - £15.079m Prudential Borrowing

### **Treasury Management Strategy 2023/24 and Investment Strategy 2023/24**

- 2.44 The Treasury Management Strategy for 2023/24 is attached at Appendix 10. The Minimum Revenue Provision Policy for 2023/24 is contained in Annex C to the strategy.
- 2.45 The Treasury Management Strategy for 2023/24 allows for borrowing. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLb). After the utilisation of capital receipts and internal borrowing, the Council will now look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

- 2.46 The Investment Strategy for 2023/24 is attached at Appendix 11. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and is based on guidance provided by Arlingclose, the Council's treasury management advisors. Quantitative investment indicators are included within the Strategy to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

### **Balances and Reserves**

- 2.47 A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's Section 151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 6.
- 2.48 It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2023/24) of £1.910m be held in 2023/24 to reflect the levels of revenue risk shown in the budget for 2023/24. The remaining £0.250m from the balance currently held will be transferred to the Budget and Borrowing Support Fund.
- 2.49 The Walley's Quarry reserve is forecast to have a balance of £0.600m including the recovery of legal costs from the operator at the close of 2022/23. It is recommended that £0.100m is retained within this reserve as a contingency and that £0.400m is transferred to the Cost of Living Reserve to provide contingency for any above inflationary increases in costs that may arise. It is recommended that the remaining £0.100m, along with the £0.100m held in the Income Reserve, is transferred to the Budget and Borrowing Support Fund in order to boost the Council's financial resilience during the forthcoming financial year.

Any future action the Council may take relating to Walley's Quarry will be subject to agreement of Full Council in relation to the allotting funds from general reserves to support a legal case.

### **Localised Council Tax Support Scheme 2023/24**

- 2.50 Section 13A of the Local Government Finance Act 1992, substituted by section 10 of the Local Government Finance Act 2012 requires each billing authority in England to make a Localised Council Tax Reduction scheme, specifying the reductions which are to apply to amounts of Council Tax payable by persons or classes of person whom the authority consider are in financial need.
- 2.51 Any scheme needs to be approved by the 10 March before the start of a new financial year or a default scheme prescribed by regulations will be imposed by the Government. The scheme for 2023/24 (Appendix 12), is intended to remain as per the 2022/23 scheme.

## **3. Proposals**

- 3.1 That the Council approve the schedule of recommendations set out in Appendix 1.

## **4. Reasons for Proposed Solution**

- 4.1 The Council has a statutory duty to set a balanced budget before 10 March in the financial year preceding the one in respect of which the budget is set, per Section 30(6) of the Local Government Finance Act 1992. Best practice is for financial planning to take place over a 5 year period in the form of a MTFS that sets out how the Council plans to allocate resources to meet its objectives.

5. **Options Considered**

5.1 None.

6. **Legal and Statutory Implications**

6.1 The Council is required to set its Council Tax for 2022/23 by 10 March 2023, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 15 February 2023.

7. **Equality Impact Assessment**

7.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably due to protected characteristics. It is important to consider the potential impact on such groups and individuals when designing or delivering services and budgets. Budget proposals requiring changes or new services and policies will be subject to Equality Impact Assessments including consultation with affected people and organisations.

8. **Financial and Resource Implications**

8.1 These are addressed in the body of the report.

9. **Major Risks**

9.1 Section 25 of the Local Government Acts 2003 places a duty on the Section 151 officer to report on the robustness of the budget. The main risks to the budget include spending in excess of budget; income falling short of the budget (including capital receipts from disposal of assets); and unforeseen elements such as changes to Government funding. In the context of the COVID-19 pandemic and uncertainty regarding Government funding reforms there are significant budget risks that will need to be managed. It will be essential the Council has sufficient reserves to call on if required.

9.2 Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required (see Section 6 above). The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be held at a minimum level of £1.910m to reflect the levels of revenue risk shown in the budget for 2023/24. In addition a contingency of £1.000m is required to provide flexibility to manage risks relating to the delivery of the capital programme.

9.3 The assessment of the Section 151 Officer is that the proposals included in this report are robust and will ensure an adequate level of reserves.

9.4 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

9.5 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital. Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 In shaping detailed budget proposals consideration will be given to the need for investment in order to deliver the Council's Sustainable Environment Action Plan.



## 11. **Key Decision Information**

11.1 Final approval of the budget setting process is a key decision.

## 12. **Earlier Cabinet/Committee Resolutions**

12.1 Revenue and Capital Budgets 2023/24 – First Draft Savings Plans (Cabinet 6 December 2022)

12.2 Revenue and Capital Budgets 2023/24 – First Draft Savings Plans (Finance, Assets and Performance Scrutiny Committee 8 December 2022)

12.3 Revenue and Capital Budgets and Strategies 2023/24 (Cabinet 10 January 2023)

12.4 Revenue and Capital Budgets and Strategies 2022/23 (Finance, Assets and Performance Scrutiny Committee 19 January 2023)

12.5 Revenue and Capital Budgets and Strategies 2023/24 (Cabinet 7 February 2023)

## 13. **List of Appendices**

13.1 Appendix 1 – Schedule of Detailed Recommendations

13.2 Appendix 2 – Revenue Budget 2023/24

13.3 Appendix 3 – Medium Term Financial Strategy 2023/24 to 2027/28

13.4 Appendix 4 – 2023/24 MTFS Funding Strategy

13.5 Appendix 5 – 2023/24 to 2027/28 MTFS 'Gaps'

13.6 Appendix 6 – Risk Assessment on Required Balances/Contingency Reserve

13.7 Appendix 7 – 2023/24 to 2025/26 Capital Programme and 2022/23 Mid-Year Estimate

13.8 Appendix 8 – Flexible Use of Capital Receipts Strategy 2023/24

13.9 Appendix 9 – Capital Strategy 2023 to 2033

13.10 Appendix 10 – Treasury Management Strategy 2023/24

13.11 Appendix 11 – Investment Strategy 2023/24

13.12 Appendix 12 – Local Council Tax Reduction Scheme for 2023/24

13.13 Appendix 13 – 2023/24 Budget Consultation Summary

## 14. **Background Papers**

CIPFA Treasury Management Code of Practice (revised December 2017),  
Council's Treasury Management Policy Statement,  
Local Government Act,  
Local Authorities (Capital Finance and Accounting) (England) Regulations,  
Department of Levelling up and Housing Communities Guidance on Local Government Investments  
Statutory Guidance on the Flexible Use of Capital Receipts.

## **Appendix 1 – Schedule of Detailed Recommendations**

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2023/24 in addition to the Medium Term Financial Strategy for 2023/24 to 2027/28, the Flexible Use of Capital Receipts Strategy (updated for 2023/24), the Capital Strategy for 2023/2033, the Treasury Management Strategy for 2023/24 and the Investment Strategy for 2023/24.

### **Recommendations**

- (a) That the Revenue Budget for 2023/24 be approved (Appendix 2).
- (b) That the updated Medium Term Financial Strategy for 2023/24 to 2027/28 be approved (Appendix 3).
- (c) That the Band D Council Tax for 2023/24 be set at £214.42 (a 1.99% increase).
- (d) That the Capital Programme to 2023/24 to 2025/26 be approved (Appendix 7).
- (e) That the Capital Strategy for 2023-33 be approved (Appendix 9).
- (f) That the updated Flexible Use of Capital Receipts Strategy for 2023/24 be approved (Appendix 8).
- (g) That the Treasury Management Strategy for 2023/24 be approved (Appendix 10).
- (h) That the Investment Strategy for 2023/24 be approved (Appendix 11).
- (i) That the Local Council Tax Reduction Scheme for 2023/24 be approved (unchanged from 2022/23) (Appendix 12).
- (j) That the un-earmarked minimum balances requirement be confirmed as £1,910,000.
- (k) That it be noted that the Head of Finance (Section 151 Officer), under delegated authority assigned by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2023/24:
  - (i) 38,099 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”))
  - (ii) For dwellings in those parts of the Council’s area to which a Parish precept relates as in the table below:

<b>Parish/Town Council</b>	<b>Base</b>
Audley	2,606
Betley, Balterley & Wrinehill	593
Chapel & Hill Chorlton	193
Keele	428
Kidsgrove	6,927
Loggerheads	2,038
Madeley	1,506
Maer	273
Silverdale	1,552
Whitmore	977

- (l) That the Council Tax requirement for the Council’s own purposes for 2023/24 (excluding Parish precepts) is £8,169,190.
- (m) That the following amounts be calculated for the year 2023/24 as per Sections 31 to 36 of the Act:

- (i) £71,593,560 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
- (ii) £62,722,210 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (iii) £8,871,350 being the amount by which the aggregate at (m)(i) above exceeds the aggregate at (m)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (iv) £232.85 being the amount at (m)(iii) above (Item R), all divided by Item T (k)(i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (v) £702,160 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (vi) £214.42 being the amount at (m)(iv) above less the result given by dividing the amount at (m)(v) above by item T (k)(i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.
- (vii) **Part of the Council's Area**

Parish/Town Council	£
Audley	286.07
Betley, Balterley & Wrinehill	245.09
Chapel & Hill Chorlton	247.44
Keele	252.77
Kidsgrove	248.47
Loggerheads	260.54
Madeley	261.93
Maer	239.86
Silverdale	233.78
Whitmore	251.36

Being the amounts given by adding to the amount at (m)(vi) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (k)(ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(viii) **Valuation Bands**

Parish/Town Council	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Audley	190.72	222.51	254.29	286.07	349.63	413.20	476.79	572.14
Betley, Balterley & Wrinehill	163.40	190.63	217.86	245.09	299.55	354.01	408.49	490.18
Chapel & Hill Chorlton	164.96	192.46	219.95	247.44	302.42	357.41	412.40	494.88
Keele	168.52	196.61	224.69	252.77	308.93	365.10	421.29	505.54
Kidsgrove	165.65	193.26	220.87	248.47	303.68	358.89	414.12	496.94
Loggerheads	173.70	202.65	231.60	260.54	318.43	376.33	434.24	521.08
Madeley	174.62	203.73	232.83	261.93	320.13	378.34	436.55	523.86
Maer	159.91	186.57	213.21	239.86	293.15	346.46	399.77	479.72
Silverdale	155.86	181.84	207.81	233.78	285.72	337.67	389.64	467.56
Whitmore	167.58	195.51	223.44	251.36	307.21	363.07	418.94	502.72
Other Parts of The Borough	142.95	166.78	190.60	214.42	262.06	309.71	357.37	428.84



Being the amounts given by multiplying the amounts at (m)(vi) and (m)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (n) That it be noted that for the year 2023/24 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

<b>Preceptor</b>	<b>Valuation Bands (£)</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Staffordshire County Council	980.82	1144.29	1307.76	1471.23	1798.17	2125.11	2452.05	2942.46
Staffordshire Commissioner Fire & Rescue Authority	56.17	65.53	74.89	84.25	102.97	121.69	140.42	168.50
Office of the Staffordshire Police & Crime Commissioner	173.71	202.67	231.62	260.57	318.47	376.38	434.28	521.14

- (o) That having calculated the aggregate in each case of the amounts at (m)(viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2023/24 for each of the categories of dwelling shown below:

<b>Parish/Town Council</b>	<b>Valuation Bands (£)</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Audley	1401.42	1635.00	1868.56	2102.12	2569.24	3036.38	3503.54	4204.24
Betley, Balterley & Wrinehill	1374.10	1603.12	1832.13	2061.14	2519.16	2977.19	3435.24	4122.28
Chapel & Hill Chorlton	1375.66	1604.95	1834.22	2063.49	2522.03	2980.59	3439.15	4126.98
Keele	1379.22	1609.10	1838.96	2068.82	2528.54	2988.28	3448.04	4137.64
Kidsgrove	1376.35	1605.75	1835.14	2064.52	2523.29	2982.07	3440.87	4129.04
Loggerheads	1384.40	1615.14	1845.87	2076.59	2538.04	2999.51	3460.99	4153.18
Madeley	1385.32	1616.22	1847.10	2077.98	2539.74	3001.52	3463.30	4155.96
Maer	1370.61	1599.06	1827.48	2055.91	2512.76	2969.64	3426.52	4111.82
Silverdale	1366.56	1594.33	1822.08	2049.83	2505.33	2960.85	3416.39	4099.66
Whitmore	1378.28	1608.00	1837.71	2067.41	2526.82	2986.25	3445.69	4134.82
Other Parts of The Borough	1353.65	1579.27	1804.87	2030.47	2481.67	2932.89	3384.12	4060.94

## Appendix 2 – Revenue Budget 2023/24

Area	2022/23 General Fund		2023/24 General Fund	
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £
Central Services	1,720,990	45.69	2,157,470	56.63
Cultural Services	3,940,970	104.62	3,769,940	98.95
Environmental Services	7,608,580	201.99	8,868,690	232.78
Planning	1,963,800	52.13	1,838,180	48.25
Transport	(174,670)	(4.64)	(294,420)	(7.73)
Housing	1,242,550	32.99	1,493,410	39.20
<b>Net Cost of Services</b>	<b>16,302,220</b>	<b>432.78</b>	<b>17,833,270</b>	<b>468.08</b>
Pensions Liabilities Account	415,000	11.02	415,000	10.89
Investment Properties	(2,470)	(0.07)	74,940	1.97
Interest and Investment Income	94,000	2.50	227,000	5.96
<b>Net Operating Expenditure</b>	<b>16,808,750</b>	<b>446.23</b>	<b>18,550,210</b>	<b>486.89</b>
Contribution to/(from) Revenue Reserves	891,010	23.65	904,430	23.74
Contribution to/(from) Capital Reserves	(2,431,000)	(64.53)	(2,597,910)	(68.19)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>15,268,760</b>	<b>405.35</b>	<b>16,856,730</b>	<b>442.45</b>
Revenue Support Grant	(66,000)	(1.75)	(217,280)	(5.70)
Other Non-Specific Grants	(1,106,230)	(29.37)	(873,000)	(22.91)
Business Rates Retention Funding	(6,150,200)	(163.27)	(6,985,830)	(183.36)
Collection Fund Deficit/(Surplus)	(27,010)	(0.72)	(611,430)	(16.05)
<b>Borough Council Tax Requirement</b>	<b>7,919,320</b>	<b>210.24</b>	<b>8,169,190</b>	<b>214.42</b>
Staffordshire County Council Precept		1,401.30		1,471.23
Fire Authority Precept		80.35		84.25
Police Authority Precept		248.57		260.57
<b>Total Council Tax Requirement</b>		<b>1,940.46</b>		<b>2,030.47</b>

The Council Tax Base used for 2023/24 in the above table is 38,099.

### GLOSSARY OF TERMS

**Collection Fund.** A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and shares of business rates receipts. The surplus or deficit for the year (essentially the difference between the amounts collected and the amounts paid out of the Fund) must be cleared by a transfer out of or into the Fund in the following year by the Council and the other major precepting authorities.

**Contributions to/(from) Capital Reserves.** Comprises transfers to or from the Capital Adjustment Account. This account is used to eliminate capital transactions, such as depreciation and impairment charges, which have to be debited or credited to the revenue account in order to comply with proper accounting practice but which statutorily cannot count against the council tax.

## Appendix 4 – 2023/24 MTFS Funding Strategy

Ref	Service Area	Description	£000's	Detail
<b>Income</b>				
I1	Bereavement Services	Income review	75	Full review of charges made including comparisons and levelling up with charges made by other local authorities
I2	Leisure and Cultural	Museum commercialisation	25	Increased commerciality of the Museum service through charging and promotion
I3	Leisure and Cultural	School swimming	30	Expansion of school swimming lessons scheme
I4	Leisure and Cultural	Student memberships	19	Introduction of a student specific membership
I5	Recycling and Fleet	Garden waste	36	Removal of discount given for additional garden waste bins and increase in fee
I6	Recycling and Fleet	Waste transfer notice	15	Introduction of a charge to recover administration fee
I7	Recycling and Fleet	Sale of recyclable materials	50	Reflection of increased prices paid by contractors for recyclable materials
I8	Recycling and Fleet	Advertising	20	Advertising on the Council's vehicle fleet
			<b>270</b>	
<b>One Council</b>				
O1	Corporate	One Council	376	Efficiencies to be generated from the introduction of a new Council operating model, continuous review and development of services and continued prioritisation of digital delivery
			<b>376</b>	
<b>Staffing Related Efficiencies</b>				
S1	Leisure and Cultural	Life-saving detection system	18	Introduction of a life-saving detection system leading to a reduced number of life guards being required
			<b>18</b>	
<b>Good Housekeeping/More Efficient Processes</b>				
G1	ICT	Centralisation	25	Centralisation and rationalisation of ICT and telephony budgets
G2	Leisure and Cultural	Subsidy reduction	100	Reduction in subsidy to Leisure service to reflect performance
G3	Recycling and Fleet	Green waste recycling credits	70	Contractor costs paid by Staffordshire County Council following removal of recycling credits
G4	Corporate	Good housekeeping	20	Review of temporary staff and other fees for services budgets
			<b>215</b>	
<b>Alternative Sources of Finance/Other</b>				
A1	Corporate	Tax base – Council Tax	91	Increase in tax base based on market housing supply requirement (431 properties per year)
A2	Corporate	Tax base – Business Rates	246	Assumed increase in tax base of 4%
A3	Corporate	New Homes Bonus	500	Assumed one year allocation of New Homes Bonus based on submitted data (CTB1 form)
A4	Corporate	Minimum Funding Guarantee	228	Minimum Funding Guarantee as per provisional Local Government Finance Settlement
A5	Corporate	Council Tax increase	159	Assumed increase of 1.99% per Band D property
			<b>1,224</b>	
<b>Grand Total</b>			<b>2,103</b>	

### Appendix 5 – 2023/24 to 2027/28 MTFS ‘Gaps’

Detail	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Description
<b>Employees:</b>						
Increments	61	40	10	2	-	Employees due an increment
Pay awards	508	330	339	347	356	4% pay award assumed for 2023/24 and 2.5% for all years thereafter
2022/23 Pay award	447	-	-	-	-	Pay award proposed for 2022/23 over and above MTFS assumption of 2.5%
Superannuation increases	224	82	77	77	78	22% of increase in increments and pay awards
Superannuation lump sum increases	57	39	41	43	45	Contribution towards pension deficit
National Insurance	153	56	52	53	54	13.8% of increase in increments and pay awards
<b>Premises:</b>						
Business Rates	30	16	16	16	16	Inflationary increase in business rates payable (per CPI)
Utilities	113	11	11	11	11	Inflationary increase in gas and electric (per CPI) and realignment of budget re. 2022/23 increases
<b>Transport:</b>						
Fuel	172	12	12	12	12	Inflationary increase in fuel (per CPI) and realignment of budget re. 2022/23 increases
<b>Financing:</b>						
Borrowing costs	305	550	15	52	892	Borrowing costs regarding the financing of capital expenditure
Flexible use of capital receipts	100	-	-	-	-	Removal of the flexible use of capital receipts to fund revenue
<b>New Pressures:</b>						
ICT software and maintenance	26	20	20	20	20	ICT costs re. systems maintenance and software licences
Internal Audit fees	8	-	-	-	-	Inflationary increase in contracted costs
Payroll fees	8	-	-	-	-	Inflationary increase in contracted costs
Repairs and renewals	50	-	-	-	-	Increased contract prices
External audit fees	-	100	-	-	-	Likely increase in external audit fees
<b>Income:</b>						
Fees and charges	(253)	(197)	(203)	(209)	(216)	4% increase in fees and charges in 2023/24 and 3% each year thereafter
New Homes Bonus	192	500	-	-	-	Drop out of New Homes Bonus legacy payments
Government grant	18	12	12	12	12	Reduction in Housing Benefit Administration grant
Business Rates baseline funding level	(355)	(78)	(79)	(81)	(81)	Inflationary increase in baseline funding level (per CPI)
Tax base – Council Tax support	(30)	-	-	-	-	Reduction in Council Tax support claimants
Income pressures	100	100	100	100	100	General income shortfalls
Budget and Borrowing Support	169	-	-	-	-	Transfer to the Budget and Borrowing Support fund
<b>TOTAL GAPS</b>	<b>2,103</b>	<b>1,593</b>	<b>423</b>	<b>455</b>	<b>1,299</b>	

## Appendix 6 – Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2022 to 2024 (ii)

### (i) Risk Assessment on Required Reserves Balances (£1.910m)

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	EMT	130,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	EMT	100,000
3	Income, including collection fund income, falls short of budget because of changes in market conditions, e.g. demand fluctuations COVID-19 related or failure to fully recover	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	EMT	380,000
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends and need to top up provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	EMT	65,000
5	Employee budgets – the budget is discounted on the assumption there will be vacancies	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2%, this is realistic compared with previous years	3 x 3	High	Regular monitoring of vacancy levels	EMT	60,000
6	Employee budgets - the 2023/24 employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 3	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy	2 x 3	Moderate	None	EMT	80,000
7	Problems with staff recruitment/retention resulting in the payment of market supplements at extra cost	Additional unbudgeted costs	3 x 3	High	Subject to ongoing review	3 x 3	High	None	EMT	20,000
8	Problems with staff sickness/suspensions	Additional unbudgeted costs	3 x 3	High	Absence management procedures in place	2 x 3	Moderate	Monitoring of sickness levels	EMT	75,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
	resulting in the needs to use agency/interim staff at extra cost									
9	Council becomes liable to pay compensation or legal fees or another unforeseen commitment arises	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	None	EMT	120,000
10	Inflation relating to supplies and services exceeds the allowance in the budget	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Regular review of inflation levels	3 x 3	High	None	EMT	50,000
11	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison	3 x 2	Moderate	None	EMT	50,000
12	Fall in interest rates reduces income to the Council	Investment income targets not met	1 x 1	Low	A decrease would make no difference investment wise but would reduce borrowing costs	1 x 2	Low	None	EMT	-
13	Additional interest costs incurred resulting from loss of income and additional expenditure	Additional unbudgeted borrowing costs	3 x 3	High	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of minimum balances	3 x 3	High	None	EMT	85,000
14	Fuel costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	EMT	35,000
15	Energy costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	EMT	40,000
16	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance programme in place and stock condition survey.	2 x 2	Low	None	EMT	25,000
17	Insurances – unexpected increases in premiums	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	None	EMT	20,000



Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
18	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Insurance Provision established	3 x 3	High	Monitor level of Insurance Provision	EMT	55,000
19	Government further increase NI rates during 2023/24	Additional unbudgeted costs	2 x 3	Moderate	Included in calculation of minimum balances. Increased rate built into budget	1 x 2	Low	None	EMT	15,000
20	Loss of VAT Exempt Status	Additional unbudgeted costs	2 x 3	Moderate	None	2 x 3	Moderate	Continue to monitor position regularly	EMT	25,000
21	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	2 x 1	Low	None	EMT	125,000
22	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of minimum balances	3 x 3	High	None	EMT	40,000
23	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Monitor partnership activities and ensure carried out according to agreements	2 x 1	Low	None	EMT	5,000
24	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency	4 x 2	Moderate	None	EMT	50,000
25	Investment Counterparty fails to meet its financial commitments	Loss of interest due	2 x 3	Moderate	Use of credit rating agencies. Extensive use of DMO. No investment income budgeted for	1 x 1	Low	Frequent reviews of investment strategy	EMT	-
26	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	None	EMT	40,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Balance Needed (£)
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory Data Protection e-learning module	3 x 3	High	None	EMT	75,000
28	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members. Monitoring Officer	3 x 3	High	None	EMT	75,000
29	Volatility in respect of Brexit	Additional unbudgeted costs	3 x 3	High	Include in calculation of minimum balances	3 x 3	High	Monitor	EMT	70,000

**Impact (I)**

- 1 - Negligible <£25,000
- 2 - Marginal <£50,000
- 3 - Serious <£250,000
- 4 - Critical <£1m
- 5 - Catastrophic >£1m

**Likelihood (L)**

- 1 - Extremely Unlikely
- 2 - Remote Chance
- 3 - Possible
- 4 - Probable
- 5 - Frequent / very likely

**Score**

- 1-2
- 3-8
- 9-15
- 16-25

**Risk rating**

- Low Risk
- Moderate Risk
- High Risk
- Extreme Risk

(ii) **Actual/Forecast Reserve Balances at 31 March 2022 to 2024**

Reserve	Actual Balance at 31/3/22 (£000's)	Estimated Change in 2022/23 (£000's)	Estimated Balance at 31/3/23 (£000's)	Estimated Change in 2023/24 (£000's)	Estimated Balance at 31/3/24 (£000's)	Purpose
General Fund Balance	2,160	-	2,160	(250)	1,910	Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £1.910m
Walley's Quarry Reserve	823	(223)	600	(500)	100	To assist with the Council's actions regarding air quality issues at Walley's Quarry
Income Reserve	100	-	100	(100)	-	To increased flexibility to manage year-to-year fluctuations in income
Equipment Replacement Fund	33	9	42	9	51	To pay for the replacement of items of plant and equipment
Budget and Borrowing Support Fund	789	(789)	-	619	619	To support the General Fund revenue budget or to meet costs approved by Council
Budget Support Fund (Local Plan)	301	(101)	200	(200)	-	To fund the Borough Local Plan in addition to a base budget allocation and transfer of vacant post funding
Budget Support Fund (Homelessness)	329	(129)	200	(200)	-	To hold homelessness grants to be utilised in future periods
Borough Growth Fund	50	(50)	-	-	-	To fund investment in corporate priorities
Conservation & Heritage Fund	35	(5)	30	-	30	To provide repair grants to owners of historic buildings
Mayor's Charity Reserve	7	(7)	-	-	-	To hold funds on behalf of the Mayor's Charity
Museum Purchases Fund	61	-	61	-	61	To purchase, conserve and enhance exhibits
Business Rates Reserve	6,046	(5,003)	1,043	611	1,654	To hold surpluses of business rates received per the revenue account and to pay subsequent deficits on the collection fund. Balances held pending repayments of deficits and Section 31 grants to preceptors and Central Government
Cost of Living	-	-	-	400	400	To enable the Council to respond to above inflationary assumption rises over the period of the MTFS
Elections Reserve	150	(150)	-	50	50	To provide budget on a 4 year cycle for Borough Elections
Clayton Community Centre	14	5	19	5	24	Sinking fund held on behalf of Committee (contributions made by Committee)
<b>Totals</b>	<b>10,898</b>	<b>(6,443)</b>	<b>4,455</b>	<b>375</b>	<b>4,830</b>	

## Appendix 7 – 2023/24 to 2025/26 Capital Programme and 2022/23 Mid-Year Estimate

CAPITAL PROGRAMME	2022/23 MID YEAR	2023/24	2024/25	2025/26	TOTAL (2023/24 to 2025/26)
	£	£	£	£	£
<b>PRIORITY – One Council Delivering for Local People</b>					
Service Area - Council Modernisation	309,303	1,991,500	269,000	481,500	2,742,000
<b>Total</b>	<b>309,303</b>	<b>1,991,500</b>	<b>269,000</b>	<b>481,500</b>	<b>2,742,000</b>
<b>PRIORITY – A Successful and Sustainable Growing Borough</b>					
Service Area - Housing Improvements	1,720,000	1,670,000	1,670,000	1,720,000	5,060,000
Service Area - Managing Property & Assets	930,725	883,342	1,442,918	1,266,411	3,591,671
<b>Total</b>	<b>2,650,725</b>	<b>2,552,342</b>	<b>3,112,918</b>	<b>2,986,411</b>	<b>8,651,671</b>
<b>PRIORITY – Healthy, Active and Safe Communities</b>					
Service Area - Environmental Health	60,000	60,000	-	12,000	72,000
Service Area - Streetscene and Bereavement Services	940,000	790,000	240,000	280,000	1,310,000
Service Area - Recycling and Fleet	900,927	5,601,000	303,000	1,230,000	7,134,000
Service Area – Leisure and Cultural	800,341	368,000	16,000	150,000	534,000
Service Area - Engineering	155,000	110,000	1,415,000	120,000	1,645,000
<b>Total</b>	<b>2,856,268</b>	<b>6,929,000</b>	<b>1,974,000</b>	<b>1,792,000</b>	<b>10,695,000</b>
<b>PRIORITY – Town Centres for All</b>					
Service Area - Managing Property & Assets	-	7,300,000	-	-	7,300,000
Future High Streets Fund	5,388,399	1,691,166	-	-	1,691,166
Town Deals – Newcastle	14,356,811	4,706,000	2,251,000	807,000	7,764,000
Town Deals - Kidsgrove	6,415,000	4,190,000	2,794,000	1,236,000	8,220,000
<b>Total</b>	<b>26,160,210</b>	<b>17,887,166</b>	<b>5,045,000</b>	<b>2,043,000</b>	<b>24,975,166</b>
<b>CONTINGENCY</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>TOTAL</b>	<b>32,976,506</b>	<b>30,360,008</b>	<b>10,400,918</b>	<b>7,302,911</b>	<b>48,063,837</b>
<b>FUNDING</b>					
Capital Receipts	3,684,500	2,400,000	4,000,000	4,000,000	10,400,000
External Contributions	27,877,210	12,497,166	6,545,000	3,543,000	22,585,166
Borrowing	1,414,796	15,462,842	(144,082)	(240,089)	15,078,671
<b>TOTAL</b>	<b>32,976,506</b>	<b>30,360,008</b>	<b>10,400,918</b>	<b>7,302,911</b>	<b>48,063,837</b>



# Flexible Use of Capital Receipts

## 2023/24



# Introduction

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects.

In February 2021, DLUHC announced a 3 year extension to the flexibility to use capital receipts from 2022/23 onwards.

## Power under which the guidance is issued

1. The Local Government Act 2003 ('the Act'), section 15(1) requires a local authority '... to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify ...'.
2. Two codes of practice issued by the *Chartered Institute of Public Finance and Accountancy (CIPFA)* contain guidance on capital receipts and local authority accounting that complement the DCLG guidance. These publications are:
  - *The Prudential Code for Capital Finance in Local Authorities*
  - *The Code of Practice on Local Authority Accounting*
3. Local authorities are required to have regard to the current edition of *Treasury Management in Public Services: Code of Practice and Sectoral Guidance Notes* by regulation 2 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146]* and to the *Local Authority Accounting Code* as proper practices for preparing accounts under section 21(2) of the Act.

## Application

4. This guidance applies with effect from 1 April 2016 to 31 March 2024 – i.e. to the financial year 2016-17 and for each subsequent financial year to which the flexible use of capital receipts direction applies.
5. The Council cannot borrow to finance the revenue costs of service reform and can only use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. The Council may not use its existing stock of capital receipts to finance the revenue costs of reform.

## Qualifying expenditure

6. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority.
7. A list of types of project that would qualify for the flexible use of capital receipts is shown below. This list is not meant to be prescriptive or exhaustive and individual authorities who have projects that will generate ongoing savings that are not included in the list provided in the guidance can apply the flexibility to fund those projects.



## Accountability and transparency

8. The Council is required to prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent. This strategy can be included as part of the annual budget documentation and approved by full Council or the equivalent at the same time as the annual budget.

## Qualifying expenditure

### Types of qualifying expenditure

9. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years.
10. Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

## Examples of qualifying expenditure

11. There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:
  - Sharing back-office and administrative services with one or more other council or public sector bodies
  - Investment in service reform feasibility work, e.g. setting up pilot schemes
  - Collaboration between local authorities and central government departments to free up land for economic use
  - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation
  - Sharing Chief-Executives, management teams or staffing structures
  - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible
  - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
  - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training

- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others)
- Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.

## Accountability and transparency

### Preparation

12. For each financial year, the Council should ensure it prepares a Flexible Use of Capital Receipts Strategy ("the Strategy")

### Content

13. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility, that it details the split of up front funding for each project between capital receipts and other sources, and that on a project by project basis, a cost benefit analysis is included to highlight the expected savings. The Strategy should report the impact on the Councils Prudential Indicators for the forthcoming year and subsequent years.
14. The Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial cost/benefit analysis.
15. The Strategy may also include any other matters considered to be relevant.

### Approval

16. The Strategy should be approved by the Full Council.

### Timing

17. For any financial year the Strategy should be prepared and approved before the start of the year.

## 2023/24 Strategy

The Council intends to use capital receipts received in 2023/24 to finance previously agreed qualifying expenditure in accordance with the Guidance, this relates solely to any remaining sum (currently estimated to be around £0.150m) of the £1.030m agreed by Council on 24 February 2021 as a contribution to the One Council programme. The projects which will be financed in this way are shown in the table below.

Project	Expenditure	Expected Savings
	£'000	£'000
One Council Project (per Council approval)	150	250

<b>Total</b>	<b>150</b>	<b>126</b>
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The individual projects selected within these categories will be financed entirely from in year capital receipts

## 2022/23 and Previous Years' Flexible use of Capital Receipts

The Council financed qualifying expenditure in 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 in accordance with the Guidance, and further intends to finance such expenditure in 2022/23, as shown in the table below.

<b>Project</b>	<b>Allocation of Flexible Use of Capital Receipts £'000</b>	<b>Actual Spend £'000</b>	<b>Estimated Savings £'000</b>	<b>Actual One off Savings £'000</b>	<b>Actual Ongoing Saving £'000</b>	<b>Notes</b>
<b>2017/18</b>						
Castle House Project - Redundancy Costs	80	80	80		80	
<b>2018/19</b>						
Digital Delivery Project	66	66	100		96	Flexible retirements and vacant posts
Chargeable Garden Waste - Preparatory	233	233	371		200	CGW income
Waste Recycling Service	142	142	150	150		
Building Efficiency Works Expenditure	59	59	50		50	
<b>2019/20</b>						
Digital Delivery Project	128	128	150		145	Payroll, Staffordshire Connects
New Recycling Service - Preparatory	134	134	100		100	Ongoing project, expect to save circa £100k per annum
Chargeable Garden Waste - Preparatory	38	38	40		500	CGW income
Building for the Future	200	200	217		300	Revenues & Benefits, Customer Services and ICT restructure
<b>2020/21</b>						

One Council Project	100	103	195		195	One Council Project
Digital Delivery Project	250	250	258		258	Staffordshire Connects, Staffing Related Efficiencies, Revenues & Benefits, Customer Services and ICT restructure
New Recycling Service - Preparatory Costs	150	151				Ongoing project, expect to save circa £100k per annum
<b>2021/22</b>						
One Council Project	750	675	601		601	One Council Project
Digital Delivery Project	200	200	As above		As above	Support to One Council project and website/intranet
<b>2022/23</b>						
One Council Project	200	TBC	126		TBC	One Council Project
Financial Sustainability	100	TBC	100		TBC	Investment in securing growth within the Borough
<b>Total</b>	<b>2,830</b>	<b>2,459</b>	<b>2,538</b>	<b>150</b>	<b>2,525</b>	

A number of these projects are in the process of being completed. The total savings for these projects cannot be totally quantified until their completion, monitoring of these will continue to be provided to Cabinet on a quarterly basis.

## **Appendix 12 – Local Council Tax Reduction Scheme for 2023/24**

<b>Claim Type</b>	<b>Council Tax Support Scheme</b>
<b>Pensioner Claimants</b>	
No scope for changes within LCTS	Up to 100% of Council Tax Bill
<b>Working Age Claimants</b>	
Claims will be based on a max of 80% Council Tax Liability (unless in a protected group)	Up to 80% of Council Tax Bill
Properties in bands higher than Band D will be based on 80% Band D Council Tax	Up to 80% of band D rate
Second Adult Rebate will not be retained in the Local Scheme	Nil
Capital Cut off at £6K (non-passported)	No Council Tax Support if capital exceeds £6k
Earnings Disregards	Flat rate of £25 if claimant working
<b>Claimants who are eligible to Severe Disability Premium (SDP)</b>	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill
<b>Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments</b>	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill

### **Discretionary Payments**

The Council has discretion to award Council Tax Support, in excess of the accounts determined by this framework, where it is satisfied that exceptional circumstances exist.

**Appendix 13 – 2023/24 Budget Consultation Summary**



**2023/24 Budget Consultation report**



## Headline findings

- 97 responses – a significant reduction from 335 responses last year but very similar to the 93 the year before that
  - 98 per cent were residents of the borough
- Three council services by far seen as most important
  - Refuse collection
  - Parks, playgrounds and open spaces
  - Street cleaning
- Non-statutory services that respondents want to be protected:
  - Town centre regeneration **by far** the most important, followed by:
  - Outdoor leisure facilities
  - Culture and the arts
  - Outdoor markets
- Leisure facilities and arts development seen as the areas to generate additional income from
- 52 per cent want to protect services even if it means an increase in Council Tax
- Nearly two-thirds of respondents were aged 51+
- Responses from 19 wards
  - Very few responses from the north of the borough

## Background

This survey was available online from 7 December 2022 to 2 January 2023 via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team via the e-panel, Facebook and Twitter. There were 97 responses – a significant decrease on the 366 received last year, but very similar to the 93 submissions from the previous year.

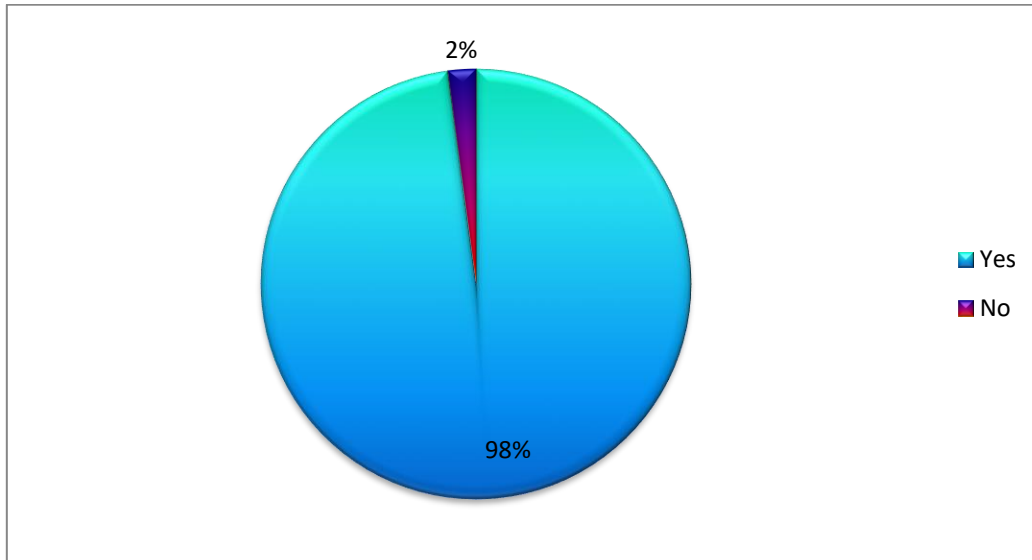
At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but some respondents still recommended that we protected such services from funding cuts.

## Analysis of data

**Q1) Are you a resident of the borough of Newcastle-under-Lyme?**

98 per cent of them said that they were a resident, with the remaining two per cent saying they were not.

**Figure 1: Q1) Are you a resident of the borough of Newcastle-under-Lyme? 96 respondents**



**Q2) What is the single most important thing the Council could do differently to improve the quality of life for your local community?**

This was a purely open question – an open text box was provided for respondents to answer, unprompted, with no suggested answers to choose from. This word cloud shows key themes.

**Figure 2: What is the single most important thing the Council could do differently to improve the quality of life for your local community?**



### Q3) Which of these Council services are the most important to you?

For this question, respondents were asked to choose up to five services from a list of 12 services. As respondents could choose up to five options, totals will add up to considerably more than 100 per cent.

Three services were chosen by at least 60 per cent of respondents:

- Refuse collection 67 per cent
- Parks, playgrounds and open spaces 62 per cent
- Street cleaning 60 per cent

Around half picked two others:

- Town centre regeneration 53 per cent
- Recycling facilities 46 per cent

The remainder were far less popular:

- Planning and building control 32 per cent
- CCTV coverage 25 per cent
- Food safety etc. 21 per cent
- Indoor leisure centres 20 per cent
- Outdoor leisure centres 19 per cent
- Culture and the arts 13 per cent
- Outdoor markets 12 per cent

**If you ticked 'other' then please say which service(s) you think are the most important in the box below, remembering that the Council is not responsible for policing, hospitals, the NHS, social care, roads/highways or schools/academies.**

**Only two comments were submitted so are added here, rather than in the appendix, as follows:**

- All of the above. That's your job, to secure finances to deal with ALL these issues.
- Dog Wardens & Traffic Wardens

### Q4) Out of the following services which the Council is not required by law to provide would you most like to see protected? Please tick up to five boxes.

Again, respondents were asked to choose up to five options out of a list of ten services.

One service was clearly the most popular:

- Town centre regeneration 68 per cent

Three were chosen by nearly half of respondents:

- Outdoor leisure centres 49 per cent
- CCTV coverage 46 per cent
- Neighbourhood grant funding programme 43 per cent

The rest were less popular:

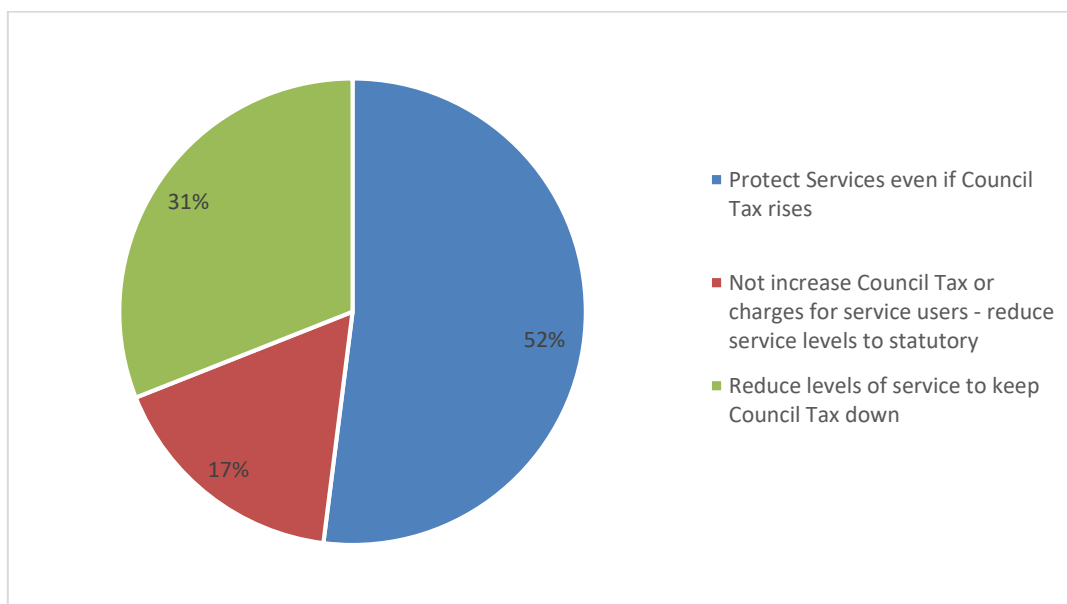
- Outdoor markets 34 per cent
- Indoor leisure centres 33 per cent
- Culture and the Arts 26 per cent
- Sports development 19 per cent
- Promotion of tourism 14 per cent
- Mayoral activities One per cent (one respondent)

### Q5) When making decisions about spending plans for next year and beyond, should we...

Respondents were asked to choose from a set list of three options, and they were chosen as follows:

- *Protect services, even if this means we will need to increase Council Tax and charges to service users because of central funding reductions.* This was picked by just over half (52 per cent) and was the most popular choice.
- *To not increase Council Tax or charges for service users, but instead look to reduce service levels towards a core statutory offer - that is, excluding those listed in question 3.* This was the least popular choice, picked by only one-in-six (17 per cent) of respondents.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum.* This was selected by nearly one-third (31 per cent) of respondents.

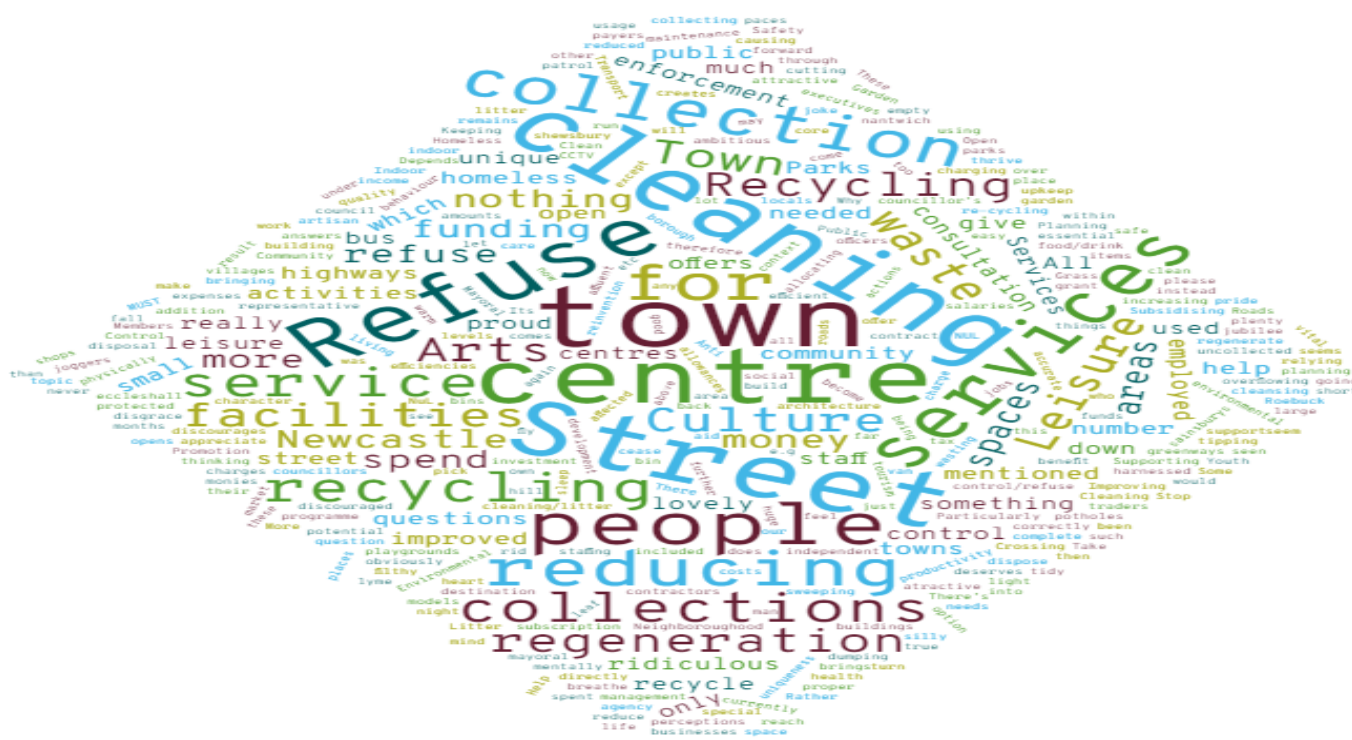
Figure 3: When making decisions about spending plans for next year and beyond, should we...? 96 respondents



### Q6) Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

The following word cloud shows the responses' key themes.

**Figure 4: Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?**

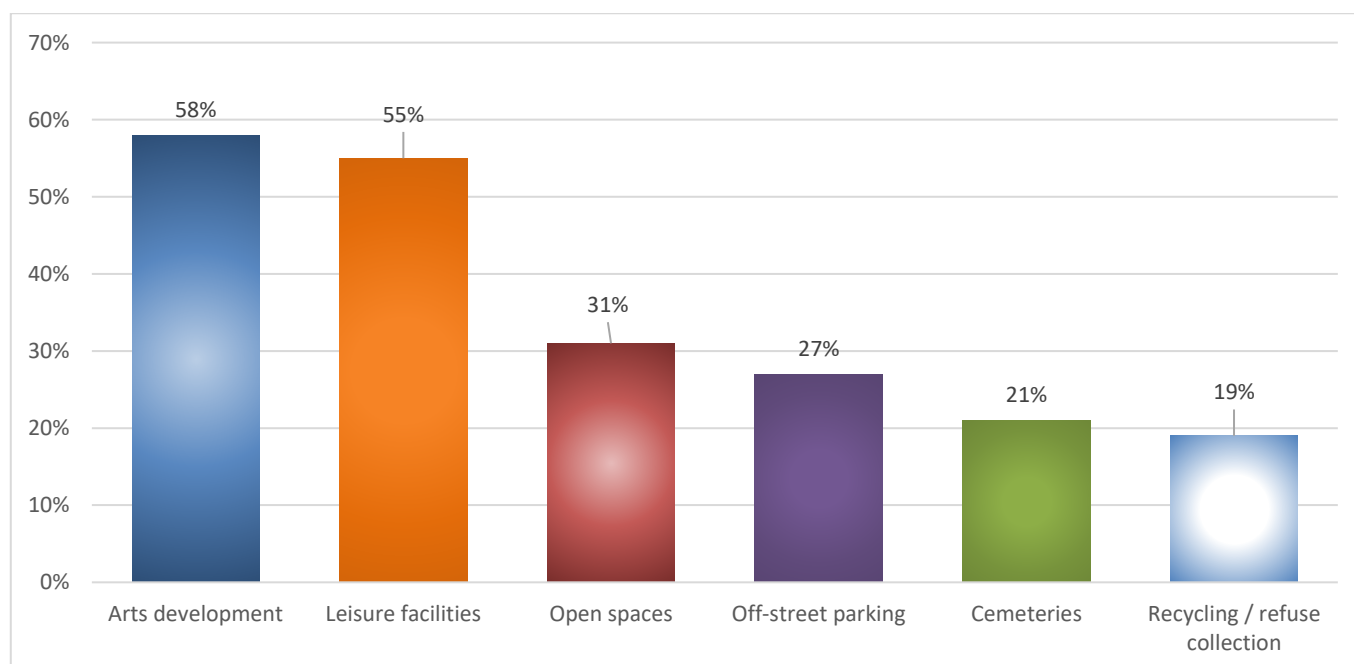


**Q7) Which service areas should the Council seek to generate additional income from service users in order to help balance the budget? Please tick as many as you feel are appropriate.**

Respondents were asked to choose from a list of six options, and could select as many of these six as they wanted to – explaining why percentages add up to considerably more than 100 per cent.

Like in the last four years, arts development (58 per cent) and leisure facilities (55 per cent) were chosen significantly ahead of the others as the following chart demonstrates:

**Figure 5: Which service areas should the Council seek to generate additional income from service users in order to help balance the budget?**

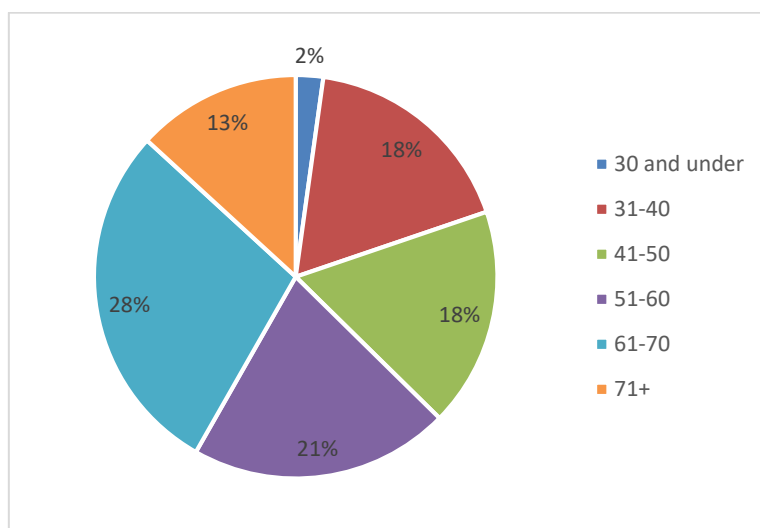








**Figure 7: Age profile of respondents - 91 responses**



### Location of respondents

Unfortunately, not all respondents did provide valid postcodes, but 88 did at least provide at least the first part of theirs, enabling the following matching.

**Table 2: Respondents by ward or other area - 88 respondents**

Ward/area	Respondents
Audley	0
Bradwell	8
Clayton	3
Crackley and Red Street	5
Cross Heath	1
Holditch and Chesterton	3
Keele	3
Kidsgrove and Ravenscliffe	2
Knutton	1
Loggerheads	8
Madeley and Betley	5
Maer and Whitmore	6
May Bank	7
Newchapel and Mow Cop	0
Silverdale	2
Talke and Butt Lane	4
Thistleberry	2
Town	3
Westbury Park and Northwood	2
Westlands	6
Wolstanton	2
ST5 (incomplete postcode)	9
ST7 (incomplete postcode) most likely to be in the borough although some parts of Cheshire East do have ST7 postcodes	4
TF9 (incomplete postcode) likely to be in Loggerheads or Maer and Whitmore	1
Stoke-on-Trent	1