

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO

Council
14 February 2024

Report Title: Revenue and Capital Budgets and Strategies 2024/25

Submitted by: Service Director for Finance (Section 151 Officer)

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

| <u>Purpose of the Report</u> | <u>Key Decision</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
|---|----------------------------|--|------------------------------------|
| <p>This report sets out the recommendations of Cabinet for the 2024/25 General Fund Revenue Budget and the 2024/25 Capital Programme and sets out the recommendations for setting the 2024/25 Council Tax.</p> <p>It also recommends for approval the Medium Term Financial Strategy for 2024/25 to 2028/29, the Capital Strategy for 2024/34, the Treasury Management Strategy for 2024/25, the Investment Strategy for 2024/25 and the Commercial Strategy for 2024/25.</p> | | | |
| <p><u>Recommendation</u></p> <p>1. That the Council approve the schedule of recommendations set out in Appendix 1.</p> | | | |
| <p><u>Reasons</u></p> <p>A robust, affordable and balanced budget is required to be set for the financial year 2024/25.</p> <p>The Council needs to have an approved Medium Term Financial Strategy for 2024/25 to 2028/29, an approved Capital Strategy for 2024/34, an approved Treasury Management Strategy for 2024/25, an approved Investment Strategy for 2024/25 and an approved Commercial Strategy for 2024/25 in place before the start of the 2024/25 financial year.</p> | | | |

1. Background

- 1.1 This report is the culmination of the 2024/25 budget process. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have considered the content of the 2024/25 budget and the resultant Council Tax which is recommended. Cabinet met on 6 February 2024 and recommend a Council Tax for this Council in 2024/25 of £218.69 (based on Band D), as set out in Appendix 1 and Appendix 2. This is an increase of 1.99% (£4.27) a year from the 2023/24 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 2024/25 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 16 January 2024, scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 18 January 2024 and subsequently approved by Cabinet on 6 February 2024 for recommendation to Full Council.
- 1.6 The Capital Strategy 2024/34 (Appendix 8) 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 9) to be followed in carrying out its treasury management activities in the forthcoming financial year, 2024/25.
- 1.8 The Investment Strategy 2024/25 (Appendix 10) 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.
- 1.9 The Commercial Strategy 2024/25 is aligned with the Council’s vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises

commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

2. **Issues**

Budget 2022/23 – Provisional Outturn Forecast

Revenue

- 2.1 The Council approved a General Fund Revenue Budget of £16.857m on 15 February 2023 for 2023/24. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 2.2 At the close of period 9 a positive variance of £0.022m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £16.853m. This represents a positive outturn of £0.004m for the year.
- 2.3 The adverse variances forecast to be incurred at the close of 2023/24 include:
 - a. Income shortfalls of £0.588m from sales, fees and charges.
 - b. A shortfall of £0.347m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable.
 - c. Increased gas and electricity prices resulting in an overspend of £0.093m at Jubilee 2.
 - d. Holding costs for York Place (e.g. utilities and business rates) and additional backdated rent for a commercial property are expected to amount to £0.241m for the financial year.
 - e. Additional audit fees of £0.100m for the audit of the 2023/24 Statement of Accounts will be incurred during the current financial year following the re-tender completed by the Public Sector Audit Appointments board. Proportionally, this amounts to £0.075m at the close of period 9.
 - f. A pay award of £1,925 per employee that is in excess of the amount provided for in the budget (4%). Including national insurance and pension the additional amount is forecast to total £0.400m for the financial year.
- 2.4 These adverse variances will be offset in full by the following forecast favourable variances:
 - a. Utilisation of the £0.400m Cost of Living Reserve balance that was established during the budget setting for 2023/24 in order to respond to any above inflationary increases in costs.

- b. 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 amount to £1.486m of income by the close of the financial year.
- 2.5 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.
- 2.6 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

- 2.7 A Capital Programme totalling £30.360m was approved for 2023/24. Of this total £17.863m relates to the total cost of new schemes for 2023/24 together with £12.497m for schemes funded by external sources (Town Deals Fund, Future High Streets Fund and Disabled Facilities Grants) and £1.000m contingency. In addition £24.013m was brought forward from the 2022/23 Capital Programme (including £22.771m from the Town Deals Fund and the Future High Streets Fund), resulting in a total Capital Programme of £54.373m for 2023/24.
- 2.8 At the close of period 9 the profiled capital budget amounts to £7.745m, actual spend for this period totals £7.782m.
- 2.9 A mid-year review of the capital programme for 2023/24 has been undertaken as part of the Efficiency Board and budget setting process. The revised capital programme for 2023/24 totalling £55.433m (including a £1m contingency and agreed carry forwards from 2022/23) was approved by Cabinet on 5 December 2023.

Medium Term Financial Strategy

- 2.10 The MTFS indicates a budget shortfall of £2.692m for 2024/25, further years funding gaps are shown on the table below and in further detail at Appendix 5.
- 2.11 A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Financial Efficiency Board process including challenge sessions for each of the Cabinet Portfolios involving Cabinet Members, the Corporate Leadership Team, Service Directors and the Finance Manager. The savings identified for the period of the MTFS, have enabled a balanced financial position to be proposed for 2024/25.

| Detail | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Income | 680 | 91 | - | - | - |
| One Council | 230 | - | - | - | - |
| Staffing Related | 199 | - | - | - | - |
| Good Housekeeping | 489 | - | - | - | - |
| Tax Base | 424 | 383 | 394 | 407 | 419 |
| Council Tax Increase | 164 | 166 | 168 | 170 | 172 |
| Government Grants | 506 | - | - | - | - |
| TOTAL SAVINGS | 2,692 | 640 | 562 | 577 | 591 |
| UPDATED MTFS GAPS | 2,692 | 1,557 | 997 | 1,092 | 547 |
| REMAINING GAP | - | 917 | 435 | 515 | (44) |

Revenue Budget 2024/25

2.12 The MTFS provides for a gap in 2024/25 of £2.692m and over the 5 year period of the MTFS of £6.885m.

2.13 The table below shows the factors which give rise to the £2.692m gap for 2024/25:

| | £'000 |
|---|--------------|
| Additional Income | |
| Fees and Charges | (230) |
| Business Rates Retention | (306) |
| Total Additional Income | (536) |
| Loss of Income | |
| Government Grant (New Homes Bonus, Housing Benefits Admin, Services Grant) | 463 |
| Reduction in income from under achieved budgets | 180 |
| Total Loss of Income | 643 |
| Additional Expenditure | |
| Employees (pay awards, increments, national insurance, pension) | 1,179 |
| Premises (business rates and utilities) | 146 |
| Transport (fuel) | 21 |
| Contribution to Budget and Borrowing Support Fund | 103 |
| Borrowing | 471 |
| Other pressures (inc. software licences, temporary/supported accommodation) | 665 |
| Total Additional Expenditure | 2,585 |
| Net Increase in Base Budget | 2,692 |

2.14 The savings identified for 2024/25 are summarised below, with further detail in Appendix 4. These savings and strategies enable a balanced financial position to be proposed for 2024/25.

| Category | Amount £'000 | Comments |
|--|-----------------|--|
| Income | 680 | Additional sources of income generation and an increased demand for services that the Council charges for |
| One Council | 230 | Efficiencies to be generated from the continued implementation of a new Council operating model and increased performance management |
| Staffing Related Efficiencies | 199 | No redundancies are anticipated to arise from these proposals |
| Good Housekeeping/More Efficient Processes | 489 | Various savings arising from more efficient use of budgets |
| Tax Base Increase | 424 | Increase in Council Tax and Business Rates tax base |
| Council Tax Increase | 164 | An assumed 1.99% per Band D equivalent increase in Council Tax |
| Government Grants | 506 | Grants in respect of New Homes Bonus and Minimum Funding Guarantee |
| Total | 2,692 | |

2.15 As in previous years, the first draft of the savings plan set out at Appendix 4 was made available to the Finance, Assets and Performance Scrutiny Committee for scrutiny at its meeting on 13 December 2023. The Committee also scrutinised the recommendations of the Cabinet report of 16 January 2024 at its meeting on 18 January 2024.

2.16 On 24 January Central Government announced that the Minimum Funding Guarantee, from which the Council benefits, would increase from 3% to 4%. This will result in an additional £0.138m of funding being available to the Council. It is proposed that £0.100m will be used to increase the General Fund Reserve and £0.038m will be used to establish a Small Repairs Fund which is to be utilised for repairs to Council owned footpaths, structures and playgrounds.

Borough Growth Fund

2.17 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.

2.18 Since the establishment of the Borough Growth Fund, investments have been made in the following areas-

| Investment Area | £'000 | Details |
|------------------------------|-------|--|
| Council Modernisation | 429 | 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 | 139 | Tree planting/carbon reduction |
| Walley's Quarry | 75 | Addressing community concerns regarding the quarry's unpleasant odour omissions. |
| Town Centre Support | 113 | 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. |

2.19 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 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.

2.20 The 2024/25 Borough Growth Fund investment will be used in the following areas:

| Investment Area | £'000 |
|--|--|
| Environmental Sustainability In order to boost environmental sustainability within the Borough, £0.100m will be allocated to: <ul style="list-style-type: none"> - Roll out of rural carbon capture green spaces - Progression towards carbon neutrality by 2030 - Support of the Environmental Sustainability Plan | 25 50 25 |
| Digital Programme In order to continue the transformation of public access to Council services and to further drive efficiency savings, £0.100m will be allocated to: | |

| | |
|---|------------|
| <ul style="list-style-type: none"> - Utilisation of modern technologies and tools to enable, enhance and redefine how services are delivered, whilst ensuring a choice of access for those who are not digitally connected | 50 |
| <ul style="list-style-type: none"> - Ensure that the implementation of the Technology Strategy and associated projects are sufficiently resourced in terms of staffing | 50 |
| Economic Development In order to boost footfall within the town centre, £0.050m will be allocated to: | |
| <ul style="list-style-type: none"> - Investment to support the regeneration of the market | 47 |
| <ul style="list-style-type: none"> - Freeze of market rental fees in order to support and retain stall occupiers | 3 |
| Total | 250 |

2.21 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.

2.22 £0.100m of the 2023/24 Borough Growth Fund will continue to be allocated to help drive the digital programme which will transform public access to Council services and drive efficiency savings. This investment is linked to the recently approved Technology Strategy which sets out the Council's vision for technology and how the Council will utilise all modern technologies and tools to enable, enhance and redefine how our services are delivered. The strategy also sets out the importance of making it easy and inclusive for residents, promoting online services as the default method of access and supporting the development of digital within the borough. Whilst still ensuring we continue to provide a choice of access for those who do not have access or the skills to use digital technologies.

2.23 The remaining £0.050m will be used within economic development on initiatives for boosting footfall within the town centre. This includes investment in the Markets together with ensuring the Market rental fees are frozen for 2024/25 in order to support and retain the Market Stall occupiers which in turn will attract shoppers into the Town Centre.

Council Tax and Collection Fund

2.24 A 1.99% per Band D equivalent property Council Tax increase, producing £0.164m of additional income is proposed based on a Borough Council Tax requirement of £8,471,610. This increase in Council Tax would equate to the following monetary increases for residents:

| Property Band | Annual Increase £ p | Weekly Increase £ p |
|---------------|------------------------|------------------------|
| A | 2.84 | 0.05 |
| B | 3.32 | 0.06 |
| C | 3.79 | 0.07 |
| D | 4.27 | 0.08 |
| E | 5.21 | 0.10 |
| F | 6.16 | 0.12 |
| G | 7.11 | 0.14 |
| H | 8.53 | 0.16 |

- 2.25 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.
- 2.26 Taking into account all changes to the Council Tax base (i.e. new properties, discounts and exemptions), the Council Tax base has increased by 639 band D equivalent properties from 38,099 in 2023/24. To 38,738 in 2024/25.
- 2.27 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) to preceptors ahead of the financial year end for 2023/24. This surplus or deficit is then shared between the relevant preceptors in 2024/25 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).
- 2.28 The Business Rates Collection Fund is estimated to be in a deficit position at the close of 2023/24. The deficit is estimated to amount to £0.747m, of which the Council's share is £0.299m.
- 2.29 The majority of the deficit relates to reliefs funded via Section 31 grants and as such an increased amount of Section 31 grant (£0.146m) is forecast to be received by the Council, the remainder of the Council's share of the forecast deficit (£0.153m) will be transferred from the Business Rates Reserve which was established to allow for fluctuations in the Business Rates Retention scheme.
- 2.30 The Council Tax Collection Fund is estimated to be in a small surplus position as the close of 2023/24. This surplus is estimated to amount to £0.058m, of which the Council's share is £0.007m.

Budget Consultation

- 2.31 Public consultation has been undertaken on the budget (Appendix 14), the consultation ran between 3 December 2023 and 1 January 2024. The consultation clearly determined that residents felt that the following services were the most important to them:
- Town Centre regeneration,

- Culture and the Arts,
- Refuse collection,
- Parks, playgrounds and open spaces.

It also showed that the vast majority of residents feel that services should be protected as far as possible, even if that requires an increase in Council Tax.

Capital Programme 2024/25 to 2026/27 and Capital Strategy 2024/34

- 2.32 The Capital Programme for 2024/25 to 2026/27 (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 £41.269m, 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.
- 2.33 As detailed in the Town Centre Regeneration Update Report presented to Cabinet on 6 February also, the Capital Programme supports the development of regeneration plans for several key sites across Newcastle Town Centre.
- 2.34 The Capital Programme for 2024/25 to 2026/27 includes an estimate for the development of York Place, this assumes spend of £16m over the period 2024/25 to 2025/26 and a subsequent capital receipt of the same value during the first 3 year period of the Capital Programme. This is subject to the business case that is currently being developed.
- 2.35 The Capital Strategy for 2024/34 (Appendix 8) 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.
- 2.36 The Capital Programme is produced in line with the Capital Strategy for 2024/34. 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,
 - The needs and views of other interested parties, particularly those of Borough residents.
- 2.37 Delivering the Capital Programme for 2024/25 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2024/25 and future years. Interest payable for borrowing in relation to capital developments for which a subsequent capital receipt covering all associated costs (including interest) is to be received, will be capitalised.

- 2.38 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 where possible.
- 2.39 In summary, investment in the Capital Programme for 2024/25 to 2026/27 totalling £41.269m will be funded by:
- £11.588m External Funding,
 - £27.550m Capital Receipts,
 - £2.131m Prudential Borrowing.

Treasury Management Strategy 2024/25, Investment Strategy 2024/25 and Commercial Strategy 2024/25

- 2.40 The Treasury Management Strategy for 2024/25 is attached at Appendix 9. The Minimum Revenue Provision Policy for 2024/25 is contained in Annex C to the strategy.
- 2.41 The Treasury Management Strategy for 2024/25 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.
- 2.42 The Investment Strategy for 2024/25 is attached at Appendix 10. 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.
- 2.43 The Commercial Strategy for 2024/25 is attached at Appendix 11. This strategy is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

Balances and Reserves

- 2.44 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.
- 2.45 It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2024/25) of £2.257m be held in 2024/25 to reflect the levels of revenue risk shown in the budget for 2024/25. The increase required (£0.347m) will be funded from additional settlement monies as per paragraph 2.16 (£0.100m) and from a VAT refund (£0.247m of a total £0.473m) that

the Council has received in relation to VAT on Leisure fees, the remainder of this refund will be used to contribute to the Walley's Quarry reserve (£0.100m) and the Budget and Borrowing Support fund (£0.126m) in order to boost the Council's financial resilience during the forthcoming financial year.

- 2.46 The Walley's Quarry reserve is forecast to have a balance of £0.100m at the close of 2023/24. This balance will be inflated by £0.100m as per 2.45 and by a further £0.100m as per Appendix 5 from additional settlement monies to ensure that at 1 April 2024 a balance of £0.300m is available. Should the forecast balance at the close of 2023/24 vary from £0.100m a transfer will be made from, or to, the Budget and Borrowing Support fund to ensure a £0.300m balance is available at 1 April 2024.

Localised Council Tax Support Scheme 2024/25 and Council Tax Premiums Policy

- 2.47 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.
- 2.48 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 2024/25 (Appendix 12), is intended to remain as per the 2023/24 scheme.
- 2.49 The Local Government Finance Act 1992, as amended, allows a billing authority to set policies for the application of discretionary council tax premiums. Adopting council tax premiums on empty properties is one way of incentivising property owners to bring those properties back into use at the earliest opportunity and the generation of additional potential Council Tax income for the council.
- 2.50 Introducing a second home premium encourages owners to potentially return properties to long term and permanent use increasing the availability of homes. The Levelling Up and Regeneration Act 2023 allows discretionary council tax premium options on both empty and second homes (Appendix 13).

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 2024/25 by 10 March 2024, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 14 February 2024.

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 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 £2.157m 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 2024/25 – First Draft Savings Plans (Cabinet 5 December 2023)

12.2 Revenue and Capital Budgets 2024/25 – First Draft Savings Plans (Finance, Assets and Performance Scrutiny Committee 13 December 2023)

12.3 Revenue and Capital Budgets and Strategies 2024/25 (Cabinet 16 January 2024)

12.4 Revenue and Capital Budgets and Strategies 2024/25 (Finance, Assets and Performance Scrutiny Committee 18 January 2024)

12.5 Revenue and Capital Budgets and Strategies 2024/25 (Cabinet 6 February 2024)

13. **List of Appendices**

13.1 Appendix 1 – Schedule of Detailed Recommendations

13.2 Appendix 2 – Revenue Budget 2024/25

13.3 Appendix 3 – Medium Term Financial Strategy 2024/25 to 2028/29

13.4 Appendix 4 – 2024/25 MTFS Funding Strategy

13.5 Appendix 5 – 2024/25 to 2028/29 MTFS 'Gaps'

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

13.7 Appendix 7 – 2024/25 to 2026/27 Capital Programme and 2023/24 Mid-Year Estimate

13.8 Appendix 8 – Capital Strategy 2024 to 2034

13.9 Appendix 9 – Treasury Management Strategy 2024/25

13.10 Appendix 10 – Investment Strategy 2024/25

13.11 Appendix 11 – Commercial Strategy 2024/25

13.12 Appendix 12 – Local Council Tax Reduction Scheme for 2024/25

13.13 Appendix 13 – Council Tax Premiums Policy

13.14 Appendix 14 – 2024/25 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.

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 2024/25 in addition to the Medium Term Financial Strategy for 2024/25 to 2028/29, the Capital Strategy for 2024/2034, the Treasury Management Strategy for 2024/25, the Investment Strategy for 2024/25 and the Commercial Strategy for 2024/25.

Recommendations

- (a) That the Revenue Budget for 2024/25 be approved (Appendix 2).
- (b) That the updated Medium Term Financial Strategy for 2024/25 to 2028/29 be approved (Appendix 3).
- (c) That the Band D Council Tax for 2024/25 be set at £218.69 (a 1.99% increase).
- (d) That the Capital Programme to 2024/25 to 2026/27 be approved (Appendix 7).
- (e) That the Capital Strategy for 2024-34 be approved (Appendix 8).
- (f) That the Treasury Management Strategy for 2024/25 be approved (Appendix 9).
- (g) That the Investment Strategy for 2024/25 be approved (Appendix 10).
- (h) That the Commercial Strategy for 2024/25 be approved (Appendix 11).
- (i) That the Local Council Tax Reduction Scheme for 2024/25 be approved (unchanged from 2023/24) (Appendix 12).
- (j) That the Council Tax Premiums Policy be approved (Appendix 13).
- (j) That the un-earmarked minimum balances requirement be confirmed as £2,257,000.
- (k) That it be noted that the Service Director for 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 2024/25:
 - (i) 38,738 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:

| Parish/Town Council | Base |
|-------------------------------|-------|
| Audley | 2,631 |
| Betley, Balterley & Wrinehill | 589 |
| Chapel & Hill Chorlton | 197 |
| Keele | 441 |
| Kidsgrove | 7,003 |
| Loggerheads | 2,067 |
| Madeley | 1,539 |
| Maer | 275 |
| Silverdale | 1,589 |
| Whitmore | 990 |

(l) That the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Parish precepts) is £8,471,610.

(m) That the following amounts be calculated for the year 2024/25 per Sections 31 to 36 of the Act:

- (i) £73,272,220 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) £64,028,780 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (iii) £9,243,440 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) £238.61 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) £771,830 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (vi) £218.67 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 | 297.50 |
| Betley, Balterley & Wrinehill | 253.47 |
| Chapel & Hill Chorlton | 250.72 |
| Keele | 257.80 |
| Kidsgrove | 252.74 |
| Loggerheads | 279.55 |
| Madeley | 269.36 |
| Maer | 244.64 |
| Silverdale | 238.43 |
| Whitmore | 258.79 |

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**

| <u>Parish/Town Council</u> | Valuation Bands (£) | | | | | | | |
|-----------------------------------|----------------------------|----------|----------|----------|----------|----------|----------|----------|
| | A | B | C | D | E | F | G | H |
| Audley | 198.33 | 231.39 | 264.45 | 297.50 | 363.61 | 429.73 | 495.83 | 595.00 |
| Betley, Balterley & Wrinehill | 168.98 | 197.14 | 225.30 | 253.47 | 309.80 | 366.13 | 422.45 | 506.94 |
| Chapel & Hill Chorlton | 167.14 | 195.00 | 222.86 | 250.72 | 306.44 | 362.16 | 417.86 | 501.44 |
| Keele | 171.86 | 200.51 | 229.15 | 257.80 | 315.09 | 372.38 | 429.66 | 515.60 |
| Kidsgrove | 168.49 | 196.57 | 224.65 | 252.74 | 308.90 | 365.07 | 421.22 | 505.47 |
| Loggerheads | 186.37 | 217.43 | 248.49 | 279.55 | 341.68 | 403.81 | 465.92 | 559.11 |
| Madeley | 179.57 | 209.50 | 239.43 | 269.36 | 329.22 | 389.08 | 448.93 | 538.72 |
| Maer | 163.09 | 190.27 | 217.46 | 244.64 | 299.01 | 353.37 | 407.73 | 489.28 |
| Silverdale | 158.95 | 185.45 | 211.94 | 238.43 | 291.42 | 344.40 | 397.38 | 476.86 |
| Whitmore | 172.53 | 201.28 | 230.04 | 258.79 | 316.30 | 373.81 | 431.31 | 517.58 |
| Other Parts of Borough | 145.79 | 170.09 | 194.39 | 218.69 | 267.29 | 315.89 | 364.48 | 437.38 |

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 2024/25 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:

| <u>Preceptor</u> | Valuation Bands (£) | | | | | | | |
|---|----------------------------|----------|----------|----------|----------|----------|----------|----------|
| | A | B | C | D | E | F | G | H |
| Staffordshire County Council | 1029.76 | 1201.39 | 1373.01 | 1544.64 | 1887.89 | 2231.15 | 2574.40 | 3089.28 |
| Staffordshire Commissioner Fire & Rescue Authority | 57.85 | 67.49 | 77.13 | 86.77 | 106.05 | 125.33 | 144.62 | 173.54 |
| Office of the Staffordshire Police & Crime Commissioner | 182.38 | 212.78 | 243.17 | 273.57 | 334.36 | 395.16 | 455.95 | 547.14 |

- (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 2024/25 for each of the categories of dwelling shown below:

| <u>Parish/Town Council</u> | Valuation Bands (£) | | | | | | | |
|-----------------------------------|----------------------------|----------|----------|----------|----------|----------|----------|----------|
| | A | B | C | D | E | F | G | H |
| Audley | 1468.32 | 1713.05 | 1957.76 | 2202.48 | 2691.91 | 3181.37 | 3670.80 | 4404.96 |
| Betley, Balterley & Wrinehill | 1438.97 | 1678.80 | 1918.61 | 2158.45 | 2638.10 | 3117.77 | 3597.42 | 4316.90 |
| Chapel & Hill Chorlton | 1437.13 | 1676.66 | 1916.17 | 2155.70 | 2634.74 | 3113.80 | 3592.83 | 4311.40 |
| Keele | 1441.85 | 1682.17 | 1922.46 | 2162.78 | 2643.39 | 3124.02 | 3604.63 | 4325.56 |
| Kidsgrove | 1438.48 | 1678.23 | 1917.96 | 2157.72 | 2637.20 | 3116.71 | 3596.19 | 4315.43 |
| Loggerheads | 1456.36 | 1699.09 | 1941.80 | 2184.53 | 2669.98 | 3155.45 | 3640.89 | 4369.07 |
| Madeley | 1449.56 | 1691.16 | 1932.74 | 2174.34 | 2657.52 | 3140.72 | 3623.90 | 4348.68 |
| Maer | 1433.08 | 1671.93 | 1910.77 | 2149.62 | 2627.31 | 3105.01 | 3582.70 | 4299.24 |
| Silverdale | 1428.94 | 1667.11 | 1905.25 | 2143.41 | 2619.72 | 3096.04 | 3572.35 | 4286.82 |
| Whitmore | 1442.52 | 1682.94 | 1923.35 | 2163.77 | 2644.60 | 3125.45 | 3606.28 | 4327.54 |
| Other Parts of Borough | 1415.78 | 1651.75 | 1887.70 | 2123.67 | 2595.59 | 3067.53 | 3539.45 | 4247.34 |

Appendix 2 – Revenue Budget 2024/25

| Area | 2023/24 General Fund | | 2024/25 General Fund | |
|---|----------------------|-------------------------------|----------------------|-------------------------------|
| | Estimate £ | Band D Council Tax £ | Estimate £ | Band D Council Tax £ |
| Central Services | 2,157,470 | 56.63 | 2,397,680 | 61.89 |
| Cultural Services | 3,769,940 | 98.95 | 3,555,470 | 91.78 |
| Environmental Services | 8,868,690 | 232.78 | 8,150,380 | 210.40 |
| Planning | 1,838,180 | 48.25 | 1,730,040 | 44.66 |
| Transport | (294,420) | (7.73) | (270,890) | (6.99) |
| Housing | 1,493,410 | 39.20 | 2,168,480 | 55.98 |
| Net Cost of Services | 17,833,270 | 468.08 | 17,731,160 | 457.72 |
| Pensions Liabilities Account | 415,000 | 10.89 | 400,000 | 10.33 |
| Investment Properties | 74,940 | 1.97 | (84,510) | (2.18) |
| Interest and Investment Income | 227,000 | 5.96 | 498,000 | 12.86 |
| Net Operating Expenditure | 18,550,210 | 486.89 | 18,554,650 | 478.73 |
| Contribution to/(from) Revenue Reserves | 904,430 | 23.74 | 273,000 | 7.05 |
| Contribution to/(from) Capital Reserves | (2,597,910) | (68.19) | (1,771,500) | (45.73) |
| Amount to be met from Government Grant and Local Taxpayers | 16,856,730 | 442.45 | 17,046,150 | 440.05 |
| Revenue Support Grant | (217,280) | (5.70) | (232,000) | (5.99) |
| Other Non-Specific Grants | (873,000) | (22.91) | (1,066,000) | (27.52) |
| Business Rates Retention Funding | (6,985,830) | (183.36) | (7,568,540) | (195.39) |
| Collection Fund Deficit/(Surplus) | (611,430) | (16.05) | 292,000 | 7.54 |
| Borough Council Tax Requirement | 8,169,190 | 214.42 | 8,471,610 | 218.69 |
| Staffordshire County Council Precept | | 1,471.23 | | 1544.64 |
| Fire Authority Precept | | 84.25 | | 86.77 |
| Police Authority Precept | | 260.57 | | 273.57 |
| Total Council Tax Requirement | | 2,030.47 | | 2,123.67 |

The Council Tax Base used for 2024/25 in the above table is 38,738.

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 – 2024/25 MTFS Funding Strategy

| Ref | Service Area | Description | £000's | Detail |
|---|-------------------------|-------------------------------------|------------|---|
| Income | | | | |
| I1 | Planning | Planning Application fees | 192 | National increase of 25% for minor and 35% for major planning applications |
| I2 | Planning | Pre-Planning Application fees | 10 | Increase in the charge to bring in line with other Local Authorities |
| I3 | Planning | Section 106 monitoring | 7 | Introduction of a fee for the monitoring of Section 106 obligations |
| I4 | Sustainable Environment | Food waste | 86 | Rebate received for the collection of food waste, the contractor now pays for haulage costs |
| I5 | Sustainable Environment | Green waste | 34 | A below inflation increase to the green waste collection subscription |
| I6 | Commercial Delivery | VAT on Leisure income | 120 | An increase in income has occurred following a change in VAT legislation for leisure fees |
| I7 | Commercial Delivery | Depot rent | 50 | Rental from the sharing of depot space with partner |
| I8 | Commercial Delivery | Commercial property rent | 70 | Additional rental income being achieved following rent reviews |
| I9 | Commercial Delivery | Bereavement Services | 10 | Additional income to be generated from on line sales and charges for searches |
| I10 | Commercial Delivery | Car Parking | 91 | Increased demand, pricing and permits for new car park - assumed 6 months of income for 2024/25 and remaining 6 months in 2025/26 |
| I11 | Neighbourhood Delivery | Fixed Penalty Notice's | 10 | Introduction of a charge and new processes regarding fly tipping |
| | | | 680 | |
| One Council | | | | |
| O1 | Corporate | One Council | 230 | Further efficiencies to be generated from the One Council Programme including continuous review and development of services and increased performance management in order to maximise revenue income in line with the Council's objectives. |
| | | | 230 | |
| Staffing Related Efficiencies | | | | |
| S1 | Planning | Planning structure | 45 | Savings that have been generated through the review and digitalisation of processes under the One Council initiative |
| S2 | Regulatory Services | Reduced hours | 9 | Reduction in hours of Food Safety Officer |
| S3 | Regulatory Services | Licencing structure | 33 | Reduction of 1 FTE following reduced demand and more efficient processes |
| S4 | Regulatory Services | Housing and Vulnerability structure | 17 | Restructure of team which includes greater utilisation of ongoing funding |
| S5 | Neighbourhood Delivery | Professional fees | 95 | Application of professional fees (e.g. Landscape) to capital projects |
| | | | 199 | |
| Good Housekeeping/More Efficient Processes | | | | |
| G1 | ICT | Procurement savings | 37 | Contract and procurement savings from telephony, printing and email monitoring |
| G2 | Commercial Delivery | Energy efficiency | 14 | Energy savings from the installation of pool covers at Jubilee 2 |
| G3 | Commercial Delivery | Reduction in subsidy | 175 | A reduction in running costs at Jubilee 2 following a 'deep dive' review of the service, this includes more efficient rota's of staffing, increased income following the benchmarking of fees and charges and the generation of addition income (e.g. swimming lessons) |
| G4 | Sustainable Environment | Green Waste route optimisation | 39 | Optimisation of collection routes for green waste to increase efficiency |

| | | | | |
|---|-------------------------|--------------------------------|--------------|--|
| G5 | Sustainable Environment | Streetscene route optimisation | 31 | Efficiencies generated from greater use of data held to optimise routes and responses |
| G6 | Corporate | Vacancy factor | 193 | An increase in the assumed vacancy factor of posts from 2% to 3.5% |
| | | | 489 | |
| Alternative Sources of Finance/Other | | | | |
| A1 | Corporate | Tax base – Council Tax | 114 | Increase in tax base based on market housing supply requirement and current year tax base forecasts |
| A2 | Corporate | Tax base – Business Rates | 280 | Assumed increase in tax base of 4% |
| A3 | Corporate | Single Persons Discount review | 30 | Assumed increase in Council Tax from a Borough wide review of claimants of discounts |
| A4 | Corporate | New Homes Bonus | 506 | Government grant ensures that there is a minimum 3% increase in core spending power (i.e. replaces any lost grant such as New Homes Bonus) |
| A5 | Corporate | Council Tax increase | 164 | Assumed increase of 1.99% per Band D property |
| | | | 1,094 | |
| Grand Total | | | 2,692 | |

Appendix 5 – 2024/25 to 2028/29 MTFS ‘Gaps’

| Detail | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | Description |
|--|------------------|------------------|------------------|------------------|------------------|---|
| Employees: | | | | | | |
| Increments | 40 | 10 | 2 | - | - | Employees due an increment |
| Pay awards | 799 | 501 | 518 | 536 | 555 | 3.5% pay award for all years plus £1,925 per FTE re. 2023/24 |
| Superannuation increases | 185 | 112 | 114 | 118 | 122 | 22% of increase in salaries |
| Superannuation lump sum increases | 39 | 41 | 43 | 45 | 45 | Net increase of lump sum pension payment |
| National Insurance | 116 | 70 | 72 | 74 | 77 | National insurance on increase in salaries |
| Premises: | | | | | | |
| Business Rates | 30 | 32 | 33 | 34 | 35 | Inflationary increase in business rates payable (per CPI) |
| Utilities | 116 | 30 | 32 | 33 | 34 | Inflationary increase in gas and electric (per CPI) |
| Transport: | | | | | | |
| Fuel | 12 | 13 | 14 | 14 | 15 | Inflationary increase in fuel (per CPI) |
| Hydrotreated Vegetable Oil | 9 | 9 | 9 | 10 | 10 | Inflationary increase in HVO (per CPI) |
| Financing: | | | | | | |
| Borrowing costs | 471 | 561 | - | 86 | 32 | Borrowing costs regarding financing of capital expenditure |
| Contribution to Walley's Quarry Reserve | 103 | - | - | - | - | Contribution to increase financial resilience |
| New Pressures: | | | | | | |
| ICT software, hosting and maintenance | 100 | 10 | 10 | 10 | 10 | ICT costs re. systems maintenance and software licences |
| Audit fees | 95 | - | - | - | - | Increase in external audit fees |
| Temporary accommodation/vulnerable residents | 425 | - | - | - | - | Increase in both demand and costs |
| Staff Retention | 40 | - | - | - | - | Initiatives to encourage staff retention |
| Building Control | 5 | - | - | - | - | Increase in contract |
| Income: | | | | | | |
| Fees and charges | (230) | (270) | (281) | (292) | (304) | 4% increase in fees and charges |
| New Homes Bonus | 500 | - | - | - | - | Drop out of New Homes Bonus legacy payments |
| Government grant | 12 | 12 | 12 | 12 | 12 | Reduction in Housing Benefit /Council Tax Admin grant |
| Business Rates baseline funding level | (306) | (174) | (181) | (188) | (196) | Inflationary increase in baseline funding level (per CPI) |
| Business Rates Retention Reset | - | 500 | 500 | 500 | - | Funding reduction forecast to result from Fair Funding Review |
| | | | | | | Reduction in Services Grant per settlement |
| Services Grant | 127 | - | - | - | - | To compensate for reduced Services Grant and to ensure Core |
| Minimum Funding Guarantee | (176) | - | - | - | - | Spending Power increases by 3% |
| Income pressures | 180 | 100 | 100 | 100 | 100 | General income shortfalls |
| TOTAL GAPS | 2,692 | 1,557 | 997 | 1,092 | 547 | |

Appendix 6 – Risk Assessment on Required Reserve Balances (i) and Actual/Forecast Reserve Balances at 31 March 2023 to 2024 (ii)

(i) Risk Assessment on Required Reserves Balances (£2.257m)

| Item | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | 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 | 2 x 3 | Moderate | Regular monitoring of income levels | 135,000 |
| 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 | 300,000 |
| 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 | 180,000 |
| 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 | 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 3.5%, this is realistic compared with previous years | 3 x 3 | High | Regular monitoring of vacancy levels | 70,000 |
| 6 | Employee budgets - the 2024/25 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 | 90,000 |

| Item | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Balance Needed £ |
|------|---|---------------------------------------|---------------------|-------------|---|----------------------|-------------------|-------------------------------|---------------------|
| 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 | 20,000 |
| 8 | Problems with staff sickness/suspensions resulting in the needs to use agency/interim staff at extra cost | Additional unbudgeted costs | 3 x 3 | High | Absence management procedures in place | 3 x 3 | High | Monitoring of sickness levels | 75,000 |
| 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 | 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 | 105,000 |
| 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 | 75,000 |
| 12 | 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 2 | Moderate | None | 115,000 |
| 13 | 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 | 80,000 |

| Item | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Balance Needed £ |
|------|--|-----------------------------|---------------------|-------------|--|----------------------|-------------------|--------------------------------------|---------------------|
| 14 | 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 | 100,000 |
| 15 | 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 3 | Moderate | None | 50,000 |
| 16 | Insurances – unexpected increases in premiums | Additional unbudgeted costs | 3 x 3 | High | Included in calculation of minimum balances | 3 x 3 | High | None | 20,000 |
| 17 | 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 | 60,000 |
| 18 | Government further increase NI rates during 2024/25 | Additional unbudgeted costs | 2 x 3 | Moderate | Included in calculation of minimum balances. Increased rate built into budget | 1 x 2 | Low | None | 20,000 |
| 19 | Savings built into Budget are not realised | Additional unbudgeted costs | 3 x 3 | High | Regular Budget Monitoring | 3 x 3 | High | None | 317,000 |
| 20 | 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 2 | Moderate | None | 25,000 |
| 21 | 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 | 5,000 |
| 22 | 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 | 55,000 |

| Item | Risk | Potential Consequences | Risk Score I * L | Risk Rating | Specify Existing Control Measures | Final Score I * L | Final Risk Rating | Further Action Required | Balance Needed £ |
|------|---|-----------------------------|---------------------|-------------|---|----------------------|-------------------|--|---------------------|
| 23 | Municipal Mutual Insurance (MMI) Clawback | Additional unbudgeted costs | 4 x 4 | Extreme | MMI Provision | 4 x 3 | High | Consider increasing amount of provision if necessary | 25,000 |
| 24 | 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 | 75,000 |
| 25 | 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 | 75,000 |

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 2023 to 2025

| Reserve | Actual Balance at 31/3/23 (£000's) | Forecast Change in 2023/24 (£000's) | Forecast Balance at 31/3/24 (£000's) | Forecast Change in 2024/25 (£000's) | Forecast Balance at 31/3/25 (£000's) | Purpose |
|------------------------------------|--|---|--|---|--|---|
| General Fund Balance | 2,160 | (250) | 1,910 | 347 | 2,257 | Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £2.257m for 2024/25 |
| Walley's Quarry Reserve | 672 | (572) | 100 | 200 | 300 | To assist with the Council's actions regarding air quality issues at Walley's Quarry |
| Income Reserve | 100 | (100) | - | - | - | To increased flexibility to manage year-to-year fluctuations in income |
| Equipment Replacement Fund | 37 | (7) | 30 | 9 | 39 | To pay for the replacement of equipment |
| Budget and Borrowing Support Fund | 528 | (63) | 465 | (115) | 350 | To support the General Fund revenue budget or to meet costs approved by Council. At 31.3.24 the balance contains commitments of £0.243m and an uncommitted balance of £0.222m |
| Budget Support Fund (Local Plan) | 195 | 53 | 248 | (200) | 48 | To fund the Borough Local Plan in addition to a base budget allocation and transfer of vacant post funding. This fund is fully committed |
| Budget Support Fund (Homelessness) | 312 | (112) | 200 | - | 200 | To hold homelessness grants to be used in future periods. This fund is fully committed |
| Borough Growth Fund | 59 | (59) | - | - | - | To fund investment in corporate priorities. This fund is fully committed |
| Conservation & Heritage Fund | 32 | (2) | 30 | - | 30 | To provide repair grants to owners of historic buildings |
| Mayor's Charity Reserve | 10 | (10) | - | - | - | To hold funds on behalf of the Mayor's Charity |
| Museum Purchases Fund | 38 | - | 38 | - | 38 | To purchase, conserve and enhance exhibits |
| Business Rates Reserve | 1,043 | 611 | 1,654 | (153) | 1,501 | To equalise any surplus or deficit on the collection fund and to provide contingency for future funding reviews |
| Elections Reserve | - | 50 | 50 | 50 | 100 | To provide budget on a 4 year cycle for Borough Elections |
| Clayton Community Centre | 19 | 5 | 24 | 5 | 29 | Sinking fund held on behalf of Committee (contributions made by Committee) |
| Totals | 5,205 | (456) | 4,749 | 143 | 4,892 | |

Appendix 7 – 2024/25 to 2026/27 Capital Programme and 2023/24 Mid-Year Estimate

| CAPITAL PROGRAMME | 2023/24 MID YEAR | 2024/25 | 2025/26 | 2026/27 | TOTAL (2024/25 to 2026/27) |
|--|---------------------|-------------------|-------------------|------------------|----------------------------------|
| | £ | £ | £ | £ | £ |
| PRIORITY – One Council Delivering for Local People | | | | | |
| Service Area - Council Modernisation | 2,172,370 | 394,000 | 434,000 | 336,000 | 1,164,000 |
| Total | 2,172,370 | 394,000 | 434,000 | 336,000 | 1,164,000 |
| PRIORITY – A Successful and Sustainable Growing Borough | | | | | |
| Service Area - Housing Improvements | 1,670,000 | 1,620,000 | 1,670,000 | 1,670,000 | 4,960,000 |
| Service Area - Managing Property & Assets | 9,636,154 | 8,197,482 | 9,843,846 | 688,895 | 18,730,223 |
| Total | 11,306,154 | 9,817,482 | 11,513,846 | 2,358,895 | 23,690,223 |
| PRIORITY – Healthy, Active and Safe Communities | | | | | |
| Service Area - Environmental Health | - | 72,000 | - | - | 72,000 |
| Service Area - Streetscene and Bereavement Services | 1,001,569 | 210,000 | 250,000 | 160,000 | 620,000 |
| Service Area - Recycling and Fleet | 5,828,408 | 710,000 | 1,230,000 | 5,943,100 | 7,883,100 |
| Service Area – Leisure and Cultural | 605,862 | 47,000 | 150,000 | - | 197,000 |
| Service Area - Engineering | 117,300 | 385,000 | 120,000 | 50,000 | 555,000 |
| Total | 7,553,139 | 1,424,000 | 1,750,000 | 6,153,100 | 9,327,100 |
| PRIORITY – Town Centres for All | | | | | |
| Future High Streets Fund | 5,855,826 | - | - | - | - |
| Town Deals – Newcastle | 18,937,732 | 2,251,000 | 807,000 | - | 3,058,000 |
| Town Deals - Kidsgrove | 8,607,615 | 2,794,000 | 1,236,000 | - | 4,030,000 |
| Total | 33,401,173 | 5,045,000 | 2,043,000 | - | 7,088,000 |
| CONTINGENCY (will be carried forward to 2024/25) | 1,000,000 | - | - | - | - |
| TOTAL | 55,432,836 | 16,680,482 | 15,740,846 | 8,847,995 | 41,269,323 |
| FUNDING | | | | | |
| Capital Receipts | 3,325,000 | 2,450,000 | 21,050,000 | 4,050,000 | 27,550,000 |
| External Contributions | 35,398,990 | 6,545,000 | 3,543,000 | 1,500,000 | 11,588,000 |
| Borrowing | 16,708,846 | 7,685,482 | (8,852,154) | 3,297,995 | 2,131,323 |
| TOTAL | 55,432,836 | 16,680,482 | 15,740,846 | 8,847,995 | 41,269,323 |

Appendix 12 – Local Council Tax Reduction Scheme for 2024/25

| Claim Type | Council Tax Support Scheme |
|---|---|
| Pensioner Claimants | |
| No scope for changes within LCTS | Up to 100% of Council Tax Bill |
| Working Age Claimants | |
| 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 |
| Claimants who are eligible to Severe Disability Premium (SDP) | |
| May allow up to 100% LCTS as protected group | Up to 100% of Council Tax Bill |
| Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments | |
| 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 – Council Tax Premiums Policy

The Local Government Finance Act 1992, as amended, allows a billing authority to set policies for the application of discretionary council tax premiums. Adopting council tax premiums on empty properties is one way of incentivising property owners to bring those properties back into use at the earliest opportunity and the generation of additional potential Council Tax income for the council.

With an ongoing shortage of housing across the borough it is important that the availability of housing is maximised. Increasing the premiums on long term empty properties will again seek to incentivise owners to return these properties to the market. Although this will not impact many properties it does reinforce the Council's messaging about tackling empty homes.

Introducing a second home premium is aimed at encouraging owners to potentially return properties to long term and permanent use increasing the availability of homes.

The Levelling Up and Regeneration Act 2023 allows discretionary council tax premium options on both empty and second homes. Through this Act it allows Authorities to:

- a) Reduce the minimum period for the implementation of a council tax premium for empty premises from two years to one year
- b) Allow councils to introduce a council tax premium of up to 100% in respect of 'second homes'

In respect of b) the Act provides that the Secretary of State may, by regulations:

- Identify certain dwellings for which a premium may not be applied
- Specify a different percentage limit for 100%

The approach for premiums on **empty** and unfurnished homes is set out below:

| Date Effective | Dwelling empty for less than 5 years but at least 1 years | Dwelling empty for less than 10 years but at least 5 years | Dwelling empty for 10 years or more |
|----------------|---|--|-------------------------------------|
| 1 April 2024 | 200% | 300% | 400% |

In respect of **second homes** a premium of 100% will be applied, this will be applied from the earliest date possible, this being 1 April 2025 (i.e. 12 months notice of the policy must be given in respect of second homes).

Appendix 14 – 2024/25 Budget Consultation Summary



2024/25 Budget Consultation report

Headline findings

- 148 responses – a significant increase from 97 responses last year
 - 95 per cent were residents of the borough
- Responses from 18 of the borough's 21 wards
 - No responses from the three most northern wards
- Two council services by far seen as most important:
 - Town centre regeneration
 - Culture and the arts
- Two non-statutory services that respondents most want to be protected:
 - Town centre regeneration
 - Culture and the arts
- Leisure facilities, arts development and off-street parking seen as the areas to generate additional income from
- 72 per cent want to protect services even if it means an increase in Council Tax
- 60 per cent of respondents were aged 61+
 - Six per cent aged 40 or under

Background

This survey was available online from 3 December 2023 to 1 January 2024 via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team via social media. There were 148 responses – a significant increase on the 97 received last year – though not all respondents answered every question.

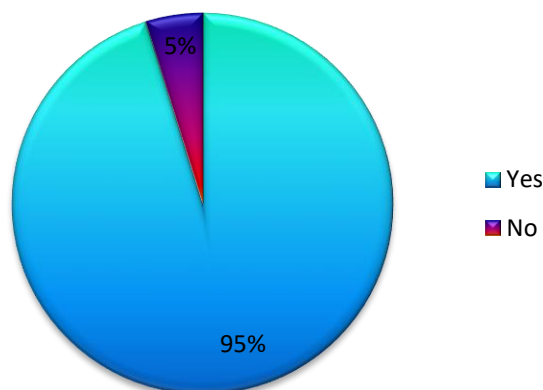
At three different places on the survey, respondents were made aware of the services that were not the responsibility of the Borough Council, but some respondents still recommended that we protected such services from funding cuts.

Analysis of responses

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

95 per cent of respondents said that they were a resident of the borough, with the remaining five per cent saying they were not. This was broadly similar to the previous year when 98 per cent identified as borough residents.

Figure 1: Are you a resident of the borough of Newcastle-under-Lyme? 148 respondents



- Street cleaning 41 per cent
- Recycling facilities 33 per cent
- Planning and building control 22 per cent
- Food safety 21 per cent
- Outdoor markets 20 per cent
- CCTV coverage 18 per cent
- Off-street parking 14 per cent
- Indoor leisure centres 13 per cent

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 5 options out of a list of 10 services.

Two services were clearly the most popular:

- Town centre regeneration 77 per cent
- Culture and the Arts 75 per cent

Two were chosen by at least one-third of respondents:

- Outdoor leisure centres 39 per cent
- Outdoor markets 35 per cent

The rest were less popular:

- CCTV 30 per cent
- Indoor leisure centres 30 per cent
- Neighbourhood grant funding 28 per cent
- Sports development 16 per cent
- Promotion of tourism 14 per cent
- Mayoral activities Less than 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 nearly three-quarters (72 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-nine (11 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 one-in-six (17 per cent) of respondents.

Figure 3: When making decisions about spending plans for next year and beyond, should we...? 146 respondents

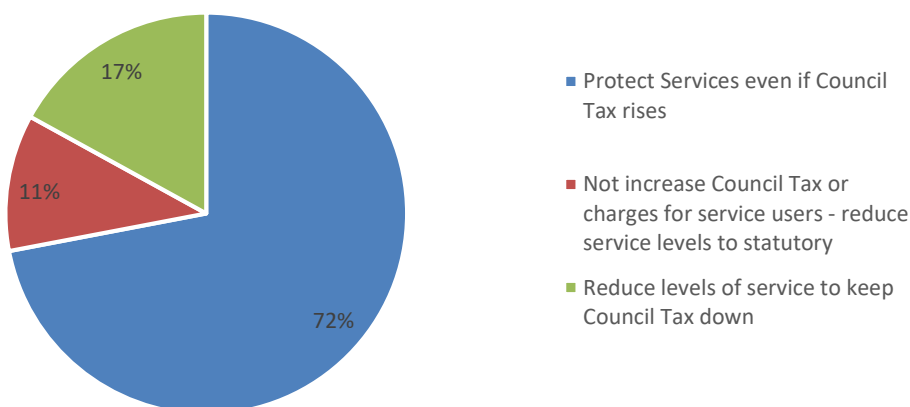


Figure 5: Which service areas should the Council seek to generate additional income from service users in order to help balance the budget?

Another open comments box invited respondents to make unprompted suggestions, the following word cloud shows the key themes:

Figure 6: Is there anything else you think the Council should consider a priority when setting the budget?

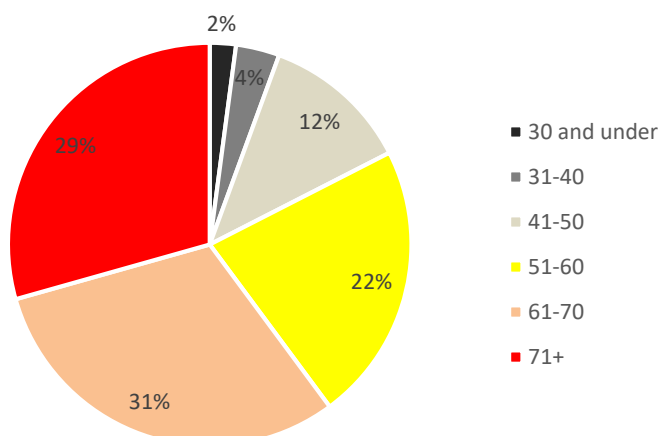


Finally, respondents were asked to provide their age and postcode – this enables us to see how representative of the borough the respondents were. The following table shows how many respondents were received by broad age group compared to the population of the borough. There was a clear over-representation of older residents - 60 per cent were aged 61+, around double their proportion of the borough's adult population. By contrast, only six per cent of respondents were aged 40 or younger, despite around 35 per cent of the borough's adult population being in this age group.

Table 1: Age profile of respondents compared to the borough based on 143 responses

| Broad age group | Proportion respondents | of | Proportion of 18+ residents in the borough (2021 census) |
|-----------------|------------------------|----|--|
| 30 and under | 2% | | 20% |
| 31-40 | 4% | | 15% |
| 41-50 | 12% | | 15% |
| 51-60 | 22% | | 17% |
| 61-70 | 31% | | 14% |
| 71+ | 29% | | 18% |

Figure 7: Age profile of respondents - 143 responses



Location of respondents

Unfortunately, not all respondents did provide full valid postcodes, but 134 did at least provide at least the first part of theirs, enabling the following matching. The wards with the largest number of responses were Westlands (19), May Bank (15) and Town (14). However, despite their relatively large populations, there were no submissions from the northern wards of Kidsgrove and Ravenscliffe, Talke and Butt Lane or Newchapel and Mow Cop – and only two from the bordering ward of Audley.

Table 2: Respondents by ward or other area - 134 respondents

| Ward/area | Respondents |
|----------------------------|-------------|
| Audley | 2 |
| Bradwell | 10 |
| Clayton | 3 |
| Crackley and Red Street | 4 |
| Cross Heath | 2 |
| Holditch and Chesterton | 2 |
| Keele | 3 |
| Kidsgrove and Ravenscliffe | 0 |
| Knutton | 1 |
| Loggerheads | 1 |
| Madeley and Betley | 5 |
| Maer and Whitmore | 3 |

| | |
|--|----|
| May Bank | 15 |
| Newchapel and Mow Cop | 0 |
| Silverdale | 4 |
| Talke and Butt Lane | 0 |
| Thistleberry | 5 |
| Town | 14 |
| Westbury Park and Northwood | 10 |
| Westlands | 19 |
| Wolstanton | 10 |
| | |
| ST5 (incomplete postcode) | 15 |
| ST7 (incomplete postcode) most likely to be in the borough | 2 |
| Staffordshire Moorlands (Leek) | 1 |
| Cheshire East (Crewe) | 1 |
| Stoke-on-Trent (Hartshill) | 1 |