



# Doncaster Council

## Report

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Date: 29<sup>th</sup> September 2020

To the Chair and Members of  
CABINET

### UPDATED MEDIUM-TERM FINANCIAL STRATEGY (MTFS) 2021/22 – 2023/24

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	All	Yes

#### EXECUTIVE SUMMARY

1. This report details our updated Medium-term Financial Strategy for 2021/22 to 2023/24, incorporating the estimated financial impact of COVID-19.
2. Over the last ten years Councils have faced the position of reducing government funding and increasing costs, Doncaster Council has seen its government funding more than halved during this period and faced a total budget gap of circa. £260m. Despite the significant financial challenges, the Council has continued to set a balanced budget whilst continuing to invest in the borough and protecting the most vulnerable in our communities.
3. In March 2020, the Council approved the Revenue Budget for 2020/21 to 2022/23. The overall budget gap identified for the period 2020/21 to 2022/23 was £17.7m. To meet the budget gap £16m of savings proposals were identified, leaving £1.7m shortfall in the final year of the plan 2023/24. The majority of the savings continue to be delivered in accordance with our current plans. Ensuring that services are targeted and make a difference to those people who need them most, making the most of technology, re-designing our services so they are fit for the future and working in partnership with our local communities, voluntary, charity and faith sectors to deliver services together.
4. Since the budget was approved in March 2020, we have seen the significant and ongoing impact of COVID-19 pandemic. On 28<sup>th</sup> July, Cabinet approved the Restart, Recovery and Renewal Plan to help support local people, local businesses and local voluntary groups, and to mitigate the impact COVID-19 has had on the Borough's local economy. The impact of COVID-19 on the Council finances is wide ranging and impacts on additional costs, loss of income from Council Tax, Business Rates and other income streams and the achievement of savings. Although the position remains uncertain, we anticipate that the 2020/21 in-year position can be managed through the application of government funding and service underspends.

5. To enable us to plan effectively and understand the scale of the financial challenge to set a balanced budget for future years, a review of the MTFs for 2021/22 to 2023/24 has been undertaken. This has been extremely challenging due to the sheer number of uncertainties, which is unprecedented. In relation to our Government funding allocations, the provisional settlement allocations will not be known until December 2020 following the Spending Review in the autumn. In addition, we are also facing significant volatility in our costs and levels of income, with a number of unknowns around future demand and changes to service delivery, making financial planning extremely difficult.
6. To reflect the uncertain environment we are operating in, a range of scenarios has been produced identifying the best case, most likely and worst case position. Based on the information currently available our estimate of the budget gap facing the Council (most likely) for the period is circa. £13m. Much of this gap is due to the ongoing impact of COVID-19 with additional costs and reduced income from Council Tax and Business Rates expected to continue to have an impact over the 3-year period. The range of projections identifies the best case estimate of £7m over the period and worst case £23m. This demonstrates the significant impact of the variables in the forecasting, but also the clear need for additional government funding to provide sufficient allocations for the pressures facing Councils.

## **EXEMPT REPORT**

7. Not applicable.

## **RECOMMENDATIONS**

8. Cabinet are asked to note the updated Medium-term Financial Strategy 2021/22 to 2023/24 Revenue Budget as set out in this report.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

9. The Council will continue to care for and protect the most vulnerable in society but it is inevitable that as the Council becomes a leaner organisation that citizens will see services delivered in new and different ways.

## **BACKGROUND**

10. Since 2010/11, nationally Council funding has been cut by circa. 50%, in addition there is strong demand for services resulting in financial pressures and no reduction in their statutory obligations. Local spending is becoming more narrowly focused on social care due to the need to meet the growing demand and falling central government funding. Over the last ten years the Council has faced a total budget gap of circa. £260m.
11. The LGA previously reported that Council Services face an additional funding requirement for their annual day-to-day spending of £13.2 billion by 2024/25, growing at a pace of over £2.6 billion each year on average. When compared to the assumed changes to council funding levels, this leads to a funding gap of £6.4 billion forming in the day-to-day council budgets in 2024/25 in comparison to 2019/20 budgets<sup>1</sup>. In addition to these challenges Councils' are also facing

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<sup>1</sup> <https://www.local.gov.uk/about/campaigns/councilscan/council-funding-requirement-and-funding-gap-technical-document>

the financial implications of COVID-19, which are estimated at £2bn.

12. In March 2020, the Council approved the Revenue Budget for 2020/21 to 2022/23. The overall budget gap identified for the period 2020/21 to 2022/23 was £17.7m. This included provision for significant budget pressures estimated at £14.6m in 2020/21, increasing to over £30m by 2022/23. The budget pressures included service specific budget pressures amounting to £14.0m for 2020/21; this included £4m one-off pressures that reverse out in 2021/22.
13. To meet the budget gap £16m of savings proposals were identified, leaving £1.7m shortfall in the final year of the plan 2023/24. In addition, the 2020/21 budget also allocated £8.2m one-off funding for transformation, with £3.6m specifically for Social Care Transformation projects and £4.6m for the Service Transformation Fund.

### Financial Strategy

14. The savings proposals were developed in accordance with the following budget framework:
  - We engage with the organisation on the type and nature of the savings proposal being put forward – **We want to understand the story behind individual proposals**;
  - We bring consistency and a sense of organisational support and challenge to the process – **a participatory approach that shapes the how with managers**;
  - We ensure that what we are proposing **meets our policy intent** but also meets how we want to deliver services in the future;
  - We iterate and the framework allows us to have more **intelligent conversations** over time.
15. The framework is based on our Corporate Plan, including the impact and areas for action identified for Doncaster Learning, Working, Caring and Living, and the following imperatives: -
  - **Sustainability** - to become a cleaner and greener Borough with net zero greenhouse gas emissions.
  - **Inclusive Growth** - particularly ensuring local people can access economic opportunities.
  - **Early intervention & Prevention** - through locality working which harnesses community strengths and targets services to where they are needed most.
  - **Lifelong Learning & Skills** - for inclusive growth and the overall well-being of residents.
  - **'Keeping It Real'** - understanding and responding to the lived experience of residents and communities.
  - **'Intelligence Led'** - ensuring we make the most of the insight and intelligence we have in the decisions we make.
16. The framework also includes a set of design principles which set out how we want to work: -

Keep it Simple /	We want services to be clear, transparent and accessible as possible
	We want to join up our services to avoid duplication and make it easier to understand and access

Customer Focus	We want people to access our services, when they need them, easily and quickly
Be Ambitious	We want the exercise to yield innovative and future proof proposals
	We want proposals, where appropriate, to be radical and challenge the status quo
	We want to aim high for our people and place that helps us deliver our Borough Strategy
Do it Together	We want to work with Team Doncaster partners collaboratively to achieve for our people and place locally
	We want to work with communities to achieve our strategic ambitions for our Borough
Expect Contribution	We want all services to be proactive and supportive of savings ideas working alongside partners and communities
	We want to build on strengths and assets in communities in a way that helps us achieve our ambitions for the Borough

## COVID-19 Pandemic

17. Since the budget was approved in March 2020, we have seen the significant and ongoing impact of COVID-19 pandemic. In terms of being able to respond some council services were stood down, others innovated to be able to continue and others working under extreme and challenging circumstances.
18. On 28<sup>th</sup> July, Cabinet approved the Restart, Recovery and Renewal Plan to help support local people, local businesses and local voluntary groups, and to mitigate the impact COVID-19 has had on the Borough's local economy. The plan also took into account the local floods in November 2019, and the wild fire at Hatfield Moors.
19. The plan focuses on building upon the borough's achievements and starting to look to horizons and opportunities beyond the immediate crisis. Working in earnest to 'build-back better' for the longer term – towards a greener, cleaner, more resilient, prosperous and inclusive borough. Alongside the on-going health imperatives, we need to help people back into work with employment and skills support, and support as many businesses as possible to bounce back. Although the recovery period takes us up to March 2021, many of the actions will extend beyond March 2021 and will be taken forward within a new longer term Borough Strategy and Corporate Plan for 2021-22. The plan has three sections:
  - Restart - getting services back up and running and safely opening up our economy
  - Recovery - what can we collectively put in place to help families and businesses recover
  - Renewal - the actions we can take now to improve well-being in the future.
20. During 2020/21 to date, we have incurred new and additional costs to support operational services continue to deliver services, lost income through reduced trading activity or cessation of services and there has been a delay in delivering savings, which are required to achieve a balanced budget. In addition council tax payments and business rates payments have reduced as lock down began, businesses closed and staff furloughed. Although the financial position remains fluid and we are continuing to monitor the budget closely, we anticipate that the in-year position can be managed through the application of government funding and service underspends. The quarter 1 finance and performance report detailed a forecast break-even position for 2020/21.

## Medium-term Financial Strategy (MTFS) 2021/22 to 2023/24

21. The MTFS for 2021/22 to 2023/24 has been updated to reflect the latest information available on projected government funding and the estimated financial impact of COVID-19. The main impact is the estimated loss of income from Council Tax and Business Rates for subsequent years following the pandemic. In addition, we are facing increasing costs and reduced income on services due to physical distancing measures and changing behaviours.
22. As reported to Council in March 2020, a Spending Review was anticipated in autumn 2020, which would set out the funding available for Government Departments for 2021/22 onwards. A Fair Funding Review (FFR) was also expected, which would set out how the funding determined by the Spending Review 2020 would be allocated for 2021/22 onwards. In addition, a “full reset” of the Business Rates Retention scheme was expected. On 24 March, the Government announced that the Comprehensive Spending Review, would be delayed from July to enable the government to remain focused on responding to the public health and economic emergency. Councils will therefore receive a one-year settlement for 2021/22. The provisional settlement allocations will not be notified until December 2020 following the Spending Review in the autumn.
23. Due to the significant number of variables and uncertainties in the estimated financial position, which individually and collectively can have a considerable impact, the Council has produced the most likely, best and worst case scenarios.
24. Appendix A includes all the updated assumptions for the MTFS most likely position. Appendix B provides details on the budget pressures approved in March 2020.
25. A summary of the main changes to the budget gap identified as the most likely position compared to the budget approved in March 2020, are detailed below:
  - Business Rate Reset – impact of removing the estimated loss due to the Business Rate reset of £5m in 2022/23, on the basis that a reset is no longer anticipated during this period. The reset was planned for 2020/21 but has been postponed.
  - Social Care Funding – there are many complexities around how social care is funded (through core funding, the social care precept and three different grant regimes). The changes needed to simplify the funding are wide ranging, however due to the limited time available to implement any changes, we have updated our assumptions to include that £10.3m one-off funding received in 2020/21 is expected to continue.
  - Business Rates – previously 1% growth each year, now 6.1% decrease in 2021/22 = -£3.4m, generally remains at the reduced level for next 2 years. The assumptions are based on the depth and speed of recovery from the last major recession in the UK following the financial crash of 2008.
  - Council Tax £12.1m over 3 years
    - Local Council Tax Support Scheme – £3.2m increase in the total scheme cost (17% increase) 2021/22
    - Council Tax Base Growth – £0.8m over 3 years, reduced from 900 band D properties to 665 in 2021/22 (£0.3m), 2022/23 (£0.3m), 2023/24 (£0.2m)
    - Loss on Collection – £2.7m over 2 years, increased from 1.4% to 3% in 2021/22 (£1.8m) and 2.4% 2022/23 (£0.9m)
    - Recover Collection Fund loss for 2020/21 of £4.4m over 3 years – £2.4m

impact in 2021/22

- Use of COVID-19 grant carried forward to meet impact of Council Tax collection fund £8.0m 2021/22.
- New Service Budget Pressures – Informed by the 2020/21 quarter 1 financial monitoring position the areas of significant budgetary concern in relation to the ongoing budget position were identified. A detailed review of these areas was undertaken and identified additional cost pressures amounting to £10.2m 2021/22, -£3.4m 2022/23 and -£0.7m 2023/24. Of these cost pressures circa. £8m of the 2021/22 total is a direct consequence of the COVID-19 pandemic. Where the cost pressures identified are one-off in nature, the impact is reversed in the subsequent financial years. The sizeable one-off pressures identified in 2021/22 compared to lower ongoing pressures identified for future years results in negative overall totals for 2022/23 and 2023/24.
- The estimate of general pressures for 2021/22 has been reduced due to the specific pressures being identified and the continued aim that lower level pressures are managed within current service budgets. However, £0.5m continues to be included to reflect that this may not always be possible; this assumption will be reviewed as part of the budget setting process. The estimate for general pressures remains at £2m for the remaining years to recognise that future cost pressures are likely, however become more uncertain and difficult to quantify for 2022/23 and 2023/24. The new service cost pressures identified are detailed in Appendix C.
- The Dedicated Schools Grant (DSG) overspent by £5.7m during 2019-20 which has been carried forward into the 2020/21 financial year. Whilst the Government has recognised the pressures facing Local Authorities particularly around its expenditure on High Needs students and have provided the Council with an extra £5.0m in 2020/21, the grant is still predicted to overspend by a further £1.3m during 2020/21 to make a total overspend position of £7.0m. The 2021/22 DSG published allocations also provide the Council an extra £4.3m and the medium term financial plan predicts that at the end of 2021/22 the overall overspend position would reduce to £4.1m and to a near balanced position (£0.1m) at the end of the 2022/23 financial year. This also takes into account the expected positive impact on the financial position as a result of actions contained within the future placement needs strategy.
- Reduction to savings approved in March. The following savings have been removed due to double counting or concerns regarding delivery in the current climate:

<b>Saving Proposal</b>	<b>Saving Option</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Council Tax Empty Properties	<b>Incentivise Property owners to bring empty properties into use;</b> Government legislation introduced in April 2019 allows increased council tax charge for properties that have been empty for more than two years. On the 15th Oct 2019 Cabinet will consider the detailed proposal. A proactive campaign and detailed communications will commence with homeowners prior to the proposed implementation date of April 2020	-0.514	

	Update: This saving is now included in the updated Council Tax assumptions.		
Public Health - Redesign community preventative health and wellbeing services	Redesign community preventative health and wellbeing services for both children and adults in line with developments in in locality working investing in Voluntary, Community and Social Enterprise sectors. Options to explore include single provider, lead provider, social enterprise, in house or a mixture of provision. In response to this review and restructure the core public health team. Requires removal of Public Health grant 'ring fence'. Update: Although the budgets will be reviewed, this saving is not expected to be delivered in 2022/23 due to the current climate.		-1.800

The remaining savings approved in March 2020 continue to be included in the MTFs; these are detailed in Appendix D. The narratives shown against these savings are as they were on approval in March 2020. The baseline budget will be decreased for the savings identified on an ongoing basis. A positive figure shows where the budget is being increased to account for one-off savings in previous years.

26. Due to the highly unusual circumstances, projections for future income and expenditure for the Council are very volatile. A range of assumptions for business rate growth, council tax income and pressures have been produced for most likely, best case and worst case scenarios; a summary of the key variables are detailed below: -

<b>Assumption</b>	<b>Most Likely</b>	<b>Best Case</b>	<b>Worst Case</b>
Business Rate Growth	6% drop based on last recession. No recovery.	6% drop based on last recession. Recovery of 2% pa.	12% drop based on recession being twice as bad as the last one. No recovery.
Council tax Local Council Tax Support Scheme (LCTS)	Highest LCTS in 2021/22 equal to 2012/13 which was worst year in last recession recovering by 3.2% pa	Highest LCTS in 2021/22 equal to 10% better than 2012/13 which was worst year in last recession recovering by 4.8% pa	Highest LCTS in 2021/22 equal to 10% worse than 2012/13 which was worst year in last recession recovering by 1.6% pa
Council tax Growth (normal growth 1.1%)	Growth of 0.8%, 1.1%, 1.1%.	Growth of 1.1%, 1.1%, 1.1%.	Growth of 0.25%, 0.4%, 0.55%.
Council tax Loss on Collection (normal 98.6%)	Based on recovery from last recession 97%, 97.8%, 98.6%	Based on lower drop and quicker recovery than last recession 97.8%, 98.6%, 98.6%	Based on bigger drop and slower recovery than last recession 95.4%, 96.2%, 97.0%
New Service Budget Pressures (Appendix C)	£10.2m 2021/22, -£3.4m 2022/23 & -£0.7m 2023/24	£7.0m 2021/22, -£2.7m 2022/23 & -£0.6m 2023/24	£13.0m 2021/22, -£2.8m 2022/23 & -£2.6m 2023/24

27. A summary of the updated budget gaps for each of the scenarios is provided below: -

	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Total £m</b>
<b>Most Likely</b>	<b>5.478</b>	<b>5.234</b>	<b>2.227</b>	<b>12.940</b>
Best Case	-0.340	4.747	2.162	6.570
Worst Case	15.045	6.961	1.356	23.363

In order to set a balanced budget the gaps in the table above need to be addressed. This could be achieved through additional government funding allocations, reductions in the identified cost pressures or through the identification of savings to reduce the base budget. Reserves could be used to meet one-off or short-term pressures but this would not impact on the total budget gap to be found (£12.9m in the most likely scenario).

### **Council Tax**

28. The MTFS continues to include a 1.99% Council Tax increase for each financial year, this provides additional income of £2.2m in 2021/22 (in 2021/22, Band D increases by £27.97 to £1,433.32; Band A increases by £18.65 to £955.55). The Council Tax system continues to be disproportionate across the country and successive governments have failed to come up with an alternative method of local taxation. A National Audit Office report on the Financial Sustainability of Local Authorities 2018 found that the average reduction in council revenue spending power between 2010/11 and 2017/18 was 28.5% but that the reduction for Doncaster was 35.9%. Doncaster continues to have one of the lowest Council Tax rates in comparison to other Metropolitan Districts and Unitary Authorities (the 11<sup>th</sup> lowest in 2020/21).

### **Post Reductions**

29. When the budget was approved in March 2020, an estimated 33.6 full time equivalent (fte) potential post reductions were identified for the savings detailed in Appendix D, 19.5 fte for 2021/22 and 14.1 fte for 2022/23. This estimate will be updated in preparation for the budget approval in March 2021. It is anticipated that additional savings will be required to meet the increased budget gap, therefore it is envisaged that the number of post reductions may increase. The Council and DCST will initially look to delete vacant posts, then seek volunteers, then redeployment with compulsory redundancy being the last resort.

### **Reserves**

30. The Council holds both “earmarked” and “uncommitted” reserves. Earmarked reserves are balances set aside for specific purposes, for example Service Transformation Fund. The Council has undertaken a review of earmarked reserves and identified specific reserves that could be unearmarked if required. As part of the budget setting process, we will look to fund one-off pressures with one-off funding identified e.g. non-recurrent costs resulting from the COVID-19 pandemic. The Council is also proposing to change its approach to year-end reserves and rather than the assumption that all balances will automatically be carried forward, we will require specific carry forward requests for the smaller balances identified.



31. Uncommitted reserves are balances held as contingencies against risks such as emergency events. The uncommitted reserves are currently £14.5m. A risk assessment of the Council's level of uncommitted reserves is carried out each financial year, when setting the budget and updating the financial plan. It is updated regularly during the financial year as part of the formal financial management reporting process. The risk assessment is based on the following key factors: -
- a review of known provisions and contingent liabilities;
  - the likelihood of overspend for either revenue or capital;
  - the likelihood of any additional income that would be credited to uncommitted reserves;
  - the robustness of the Council's revenue budget proposals;
  - the adequacy of funding for the Capital Programme; and
  - any potential significant expenditure items for which explicit funding has not yet been identified.
32. The risk assessment undertaken in March 2020 has been reviewed and this confirms that the Council's level of uncommitted reserves show that they are sufficient to meet the risks identified. The uncommitted reserves are not excessive for a Council of our size, which spends £504.8m a year; £14.5m would only run the Council for 11 days. Careful consideration should continue to be given before funding any unexpected costs from uncommitted reserves.
33. The Local Government Act 2003 requires the Chief Financial Officer to give assurance on the purpose and adequacy of the reserves of the Council when it is making the statutory calculations required to determine its Council Tax, which will be reported in March 2021.

### **Council Tax Capping & Referenda**

34. Authorities are required to seek approval of their electorate in a referendum if any proposed Council Tax increase exceeds the principles set by Parliament. Full details of the Council Tax Referendum Cap and calculation will be presented as part of the Council Tax setting report to Council in March 2021.

### **Next Steps**

35. The MTFs position will continue to be monitored closely and updated as further information is known and the financial impact of COVID-19 on budgets becomes clearer during the financial year. For example, the government Coronavirus Job Retention Scheme closes on the 31<sup>st</sup> October, the impact on businesses and employment in Doncaster will affect a number of service areas, in particular the levels of income from Business rates and Council tax.
36. Preparations have commenced to identify savings options to meet the estimated budget gap. It is becoming clearer that as an organisation we need to adapt and develop new ways of working for the post COVID environment that we will operate in, resulting in a new organisational form that will look and feel substantially different. Our approach to identify savings will focus on the following areas:
- Productivity – Increasing productivity and removing waste, aiming to simplify where possible and improve co-ordination so there is greater continuity, with less hand-offs.
  - Transformation – delivering savings through transformation in a multitude of ways, taking a whole organisation approach.

- Demand management – managing the demand for services through a range of targeted measures, including:
  - Preventing people needing services or needing an increase in services;
  - Transitioning people to less dependence on current services; and
  - Reducing contract value both at individual and whole provider level.

Enablers for delivery will be better practice, improved technology including a better system, opportunities from locality working and opportunities to work upstream with partner organisations. It is important that we look at the interplay between all the above and neither miss nor double count.

37. As part of the budget setting process for 2021/22, we will continue to develop our approach and identify savings to produce a balanced Medium-term Financial Strategy (MTFS) for consideration by Cabinet in January 2021, and onto Council in March 2021.

### OPTIONS CONSIDERED

38. A range of scenarios have been produced for the projected MTFS, savings options will be developed as part of the budget setting process for 2021/22.

### REASONS FOR RECOMMENDED OPTION

39. The report provides an update on the projected MTFS for 2021/22 to 2023/24.

### IMPACT ON THE COUNCIL'S KEY OUTCOMES

40. These are detailed in the table below: -

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	<p>Council budget therefore impacts on all outcomes</p>
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> </ul>	

	Outcomes	Implications
	<ul style="list-style-type: none"> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	

## RISKS AND ASSUMPTIONS

41. A risk assessment of the MTFS has been undertaken in accordance with the Council's risk management strategy, which helps to minimise risk. The Council's Strategic Risk Register is reviewed and updated on a quarterly basis and each service has formally documented its key risks and the actions taken to mitigate those risks in service plans. Key risks in relation to the MTFS include: -

- Service Demands/Additional Budget Pressures – risks that service demands continue to increase and there are greater budgetary pressures than those included in the MTFS. This is a greater risk in current times due to the continued impact of the COVID-19 pandemic. The MTFS contains £4.5m over the next 3 years to allow for unidentified cost pressures.
- Delivery of Savings – risks in relation to the delivery of planned savings, which are increasingly more difficult to deliver.
- 2020/21 Monitoring Position – risks that the 2020/21 monitoring position worsens which impacts on the underlying baseline financial position moving into 2021/22.
- Third Parties – risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market.
- Price Inflation – risks that inflation increases by more than the estimate built into the MTFS.
- Economy – risk that a recession increases the level of default on debt and bad debt provisions have to increase and/or a higher level of debt has to be written off.
- One-off Grant Funding – risks in that expenditure does not reduce or cease in line with the one-off grants decreasing or ending over the next 2 years.

- Spending Review – risks that may materialise as a result of the multi-year Spending Review, and reforms to Business Rates Retention and the Fair Funding Review.
- Business Rates Retention – risk that a Business Rates reset occurs in the next 3 years (assumption is that it does not happen but only formally postponed by Government until 2021/22 at the earliest) which would result in a loss of funding to the council.
- Collection Fund – risks that the income from Council tax and Business rates reducing by more than forecast in the MTFS assumptions.
- Exiting the European Union – risks that may materialise due to exiting the European Union e.g. increases costs.
- Reserves – risks that earmarked and uncommitted reserves are insufficient to support the Council during this period.

The estimates have been produced based on the latest information available, the risks will be monitored during 2020/21 and the MTFS updated accordingly in preparation for 2021/22 budget setting.

#### **LEGAL IMPLICATIONS [Officer Initials...SF... Date...09.09.20]**

42. The Council must set a balanced budget ensuring that resources are sufficient to meet its proposed spending plans. The Chief Financial Officer is required to advise the Council of the adequacy of its reserves and the robustness of estimates used in preparing its spending plans.
43. The Council will need to be satisfied that the MTFS set and the subsequent budget will ensure that the Authority is able to discharge its statutory duties.
44. Any proposed changes to services will require specific legal advice prior to implementation.

#### **FINANCIAL IMPLICATIONS [Officer Initials...RI... Date...26.08.20]**

45. These are contained within the body of the report.

#### **HUMAN RESOURCES IMPLICATIONS [Officer Initials...KM...Date...03.09.20]**

46. There are no immediate HR implications identified within this report, however once post reduction numbers are confirmed (see paragraph 30) further advice should be sought regarding the process going forward.

#### **TECHNOLOGY IMPLICATIONS [Officer Initials...PW... Date...09.09.20]**

47. Technology continues to be an evolving key essential enabler to support the delivery of all services and the key strategic budget themes outlined in this report. Robust and effective ICT governance arrangements will continue to be needed to ensure the delivery of the key priorities. This will be monitored and continuously reviewed via the Council's Technology Governance Board.

#### **HEALTH IMPLICATIONS [Officer Initials...RS... Date ...03.09.20]**

48. The choices the council makes in both raising and allocating revenue budgets will impact on the health of the population. In general, 20% of what contributes

to health is due to clinical care, 30% due to behavioural factors, 40% due to socio-economic factors and 10% due to the built environment. The State of the Borough assessment and Doncaster Growing Together plan are both informed by health outcomes and use health outcomes to monitor impact. The impact on a set of health outcomes are also incorporated in the council's corporate plan. Within the financial resources available, this paper sets out clearly the broad areas of revenue investment in both universal and targeted services and how within a reduced financial envelope there are plans to maintain and even improve the quality of local services. Wherever possible commissioners and providers of services should seek to maximise social value consider long term social, environmental and economic sustainability and resilience. With sustained long-term cuts in funding, there is likely to be implication on potentially increasing health inequalities. This needs to be considered during the implementation phase so that inequalities and health inequalities are addressed, and monitored. The lack of national guidance on the future of the public health grant from April 2021 places a risk on future public health activity. Where further cabinet reports are required report authors should consider the need for formal health impact assessments or early involvement of the public health team to minimise unintended impacts on health. Health impacts should also be addressed in the due regard statements that are developed alongside these further reports.

#### **EQUALITY IMPLICATIONS [Officer Initials...MS... Date...09.09.20]**

49. In taking this decision, elected members are reminded of their obligations under section 149 Equality Act 2010. This section contains the Public Sector Equality Duty (PSED) which obliges public authorities, when exercising their functions, to have 'due regard' to the need to: -

- a) Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b) advance equality of opportunity between people who share relevant protected characteristics and those who do not; and
- c) foster good relations between people who share relevant protected characteristics and those who do not.

Protected characteristics are age, gender, disability, race, sex, sexual orientation, gender reassignment, religion or belief and pregnancy and maternity. Only the first aim of the PSED set out in paragraph (a) above applies to a further protected characteristic of marriage and civil partnership.

Having due regard to advancing equality involves: -

- Removing or minimising disadvantages suffered by people due to their protected characteristic;
- taking steps to meet the needs of people from protected groups where they are different to the needs of other people; and
- encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

50. Elected members must consciously consider and have due regard to the three aims of the general equality duty when dealing with the recommendations contained within this report. The Council uses a simple due regard process to ensure due regard is considered and to support a transparent, effective process that is accountable to users and residents. Amongst others, the "due regard"

will be informed by: -

- **Establishing the key equality issues across Doncaster (Equality Analysis)** – Our Equality, Diversity and Inclusion Framework 2018-2021 has been developed alongside our financial planning process and includes a significant analysis of equality information to identify the key equality issues across Doncaster. We have used the equality information to inform our planning and saving prioritisation process. Our budget proposals seek to limit the impact of budget cuts on the most vulnerable; and
- **Prioritisation and Planning** – Our key strategic budget themes specifically prioritise the needs of the most disadvantaged in our communities.

51. Any new saving proposal will be reviewed with regard to our PSED obligations.

## CONSULTATION

52. This report provides an update on the latest MTFs position, appropriate consultation will be undertaken as part of the budget setting process for the 2021/22 budget, due to be considered in March 2021.

53. This report has significant implications in terms of the following: -

Procurement	X	Crime & Disorder	X
Human Resources	X	Human Rights & Equalities	X
Buildings, Land & Occupiers	X	Environment & Sustainability	X
I.C.T.	X	Capital Programme	X

## BACKGROUND PAPERS

- Council Report – Revenue Budget 2020/21 – 2022/23, 5<sup>th</sup> March 2020.  
<https://doncaster.moderngov.co.uk/documents/s25482/Revenue%20Budget%2020-21%20to%202022-23.pdf>
- Cabinet Report – Restart, Recovery and Renewal Plan, 28<sup>th</sup> July 2020.  
[https://doncaster.moderngov.co.uk/documents/s26545/i6%20cab%20280720%20-%20Mayoral%20RRR%20Plan%20Cabinet%20280720\\_.pdf](https://doncaster.moderngov.co.uk/documents/s26545/i6%20cab%20280720%20-%20Mayoral%20RRR%20Plan%20Cabinet%20280720_.pdf)
- Cabinet Report – Quarter 1 Finance & Performance Improvement Report, 1<sup>st</sup> September 2020.  
<https://doncaster.moderngov.co.uk/documents/s26909/i%20cab%20010920%20Q1%20Finance%20Performance.pdf>

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## Appendices Contents

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Appendix B	Budget Pressures approved in 2020/21 budget
Appendix C	New Budget Pressures
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