



# Doncaster Council

## Report

---

Date: 5<sup>th</sup> October, 2022

To the Chair and Members of  
CABINET

### UPDATE TO MEDIUM-TERM FINANCIAL STRATEGY (MTFS) 2023/24 – 2025/26

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

#### EXECUTIVE SUMMARY

1. The purpose of the report is to outline the financial challenge for the Council, which is an estimated funding gap of £12.2m for 2023/24 and £18.4m over the next three financial years, based on modelling work undertaken and the most likely scenario.
2. Full details on the assumptions are provided in the report at paragraphs 16 to 29, including the continued uncertainties in relation to forecasting costs and income at the present time.
3. This includes significant pressures across a number of Council services, in particular Children's Social Care; although this position is consistent with national trends it isn't affordable or sustainable. Further cost pressures amounting to £4.6m overall are currently being reviewed. At this stage £2m has been included in the current assumptions, on the basis that over 50% of the cost pressures could be managed within current budgets, reduced or removed. If further cost pressures are included in the MTFS i.e. above £2m, this will increase the gap outlined above and result in a greater savings target.
4. The Council is also facing significant pressures in relation to the ring-fenced Dedicated Schools Grant (DSG), which is outlined in paragraph 30 of the report.
5. There remains considerable uncertainty in relation to forecasting the funding from government. The funding settlement for Doncaster is expected to be made available mid-December 2022. In addition, the future Adult Social Care Charging Reform is anticipated to place significant pressures on the Council.

However, until further details are known it is not possible to quantify the financial impact at this stage, this is not included in the MTFFS and therefore presents a significant future risk.

6. However, the Council has a good track record of managing finances well and although we recognise how difficult it will be, we will continue to take a robust approach to produce a balanced budget. Over the next few months, we will be working hard to address how we bridge the gap with our support for Doncaster people, communities and businesses remaining at the forefront of all decision making.
7. The “Mini budget” on the 23<sup>rd</sup> September, 2022 had limited impact on the Council. The cancellation of the 1.25% increase in National Insurance for 2022/23 will save the Council £0.5m; the MTFFS has been updated to reflect this.

## **EXEMPT REPORT**

8. Not applicable.

## **RECOMMENDATIONS**

9. Cabinet are asked to note the gap and comment on the information provided in the report, including the next steps in the process to address the budget shortfall.

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

10. 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**

### **Financial Strategy**

11. The Medium Term Financial Strategy (MTFS) is a three year financial plan, which sets out the Council's commitment to provide value for money services to deliver our mission for Thriving People, Places and Planet, within the overall resources available to it. The MTFFS shows how our Council's finances will be structured and managed to ensure that this fits with, and supports, the delivery of our well-being goals and eight crosscutting priorities ('Great 8'), which will drive delivery of the work.
12. The overall aims of our Financial strategy are: -
  - To ensure that effective financial planning and management contributes to the Council achieving our central mission and well-being goals;
  - To direct resources as required to support the achievement of our well-being goals and provide the funding required to deliver the 'great 8' priorities;
  - To maximise the income from Council Tax and Business Rates revenue;
  - To maximise income from commercial and regeneration opportunities

adding value to the economy;

- To evaluate budget performance to assess the effectiveness of resource allocation.
- To continue to improve value for money - managing people and our money more efficiently, streamlining processes and systems, getting better value from commissioning and procurement, whilst seeking to minimise the impact of budget savings on priority services.
- To ensure the Council's financial standing is prudent, robust, stable and sustainable.

13. The Doncaster Delivering Together (DDT) Strategy enables us to align our policy and budgetary planning cycle, with our partners in Team Doncaster, to jointly agreed goals over the longer term. This focuses on 'getting things done' and a whole system approach to delivery.

## MTFS

14. In February 2022 the Council approved the latest MTFS which set a balanced budget for the 3 years 2022/23 to 2024/25, using a modest level of COVID-19 funding carried forward, summarised below: -

	2022/23 £m	2023/24 £m	2024/25 £m	Total 2022/23 – 2024/25 £m
<b>Gap</b>	<b>13.1</b>	<b>5.2</b>	<b>3.4</b>	<b>21.6</b>
Savings approved	-12.1	-4.3	-3.4	-19.7
<b>Recurrent Budget Gap</b>	<b>1.0</b>	<b>0.9</b>	<b>0.0</b>	<b>1.9</b>
Contribution to reserves	12.4	2.0	0.0	14.4
Use of COVID-19 reserve	-5.6	-2.4	0.0	-8.0
Use of Business Rates reserve	-7.9	-0.5	0.0	-8.4
<b>Balanced Budget</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

15. Funding reductions have continued to be a feature of our budget planning. The average reduction in Council core revenue spending power<sup>1</sup> between 2010/11 and 2022/23 was 20.7% nationally; however, the reduction for Doncaster was greater at 27.7%, which represents a £335 reduction per resident. We also continue to see, local spending more narrowly focused on social care for children and adults due to the need to meet the growing demand and falling central government funding. Despite the reducing funding, we have continued to set a balanced budget and manage our resources effectively.

## Financial Challenges and Risks

16. It has been widely reported that Councils across the country are facing significant financial challenges. The Consumer Price Index (CPI), the Government's preferred measure of inflation, was 10.1% in July – its highest

<sup>1</sup> Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS).

rate in 40 years. The main drivers are the large rises in electricity and gas prices and rising food prices.

17. The quarter 1 financial monitoring report for 2022/23 outlines a projected outturn overspend of £5.5m, however the reported position incorporates a number of one-off underspends; if the overall projection is adjusted for the large underspends, this results in an adjusted recurrent position of closer to £8.2m overspend.
18. The Children's Social Care pressures are currently estimated at £6m for 2023/24, this will be further refined over the next month and the detail updated accordingly, including any details on potential actions to reduce the pressures. It is anticipated that this pressure will worsen once the planned future savings are taken into account. The overspend is mainly due to pressures on placement budgets and agency staff. This includes :
  - External Placements (Out of Authority) circa. £4.5m – mainly due to the increased number of placements continuing and not reducing as anticipated, resulting in circa. 14 additional packages. In addition, the cost of placements is greater, the average cost is £45k more per annum per placement than the current budget, comparing £254k budget to an average placement cost of £299k, with the most expensive packages costing between £10.5k and £13.1k per week.
  - Fostering £0.7m overspend – due to increased activity, starting 2023/24 with an additional 19 placements above budget. There are also more placements with Independent Fostering Agencies compared to In-house Fostering than the target.
  - 16+ Children in Care placement budget £1.2m – due to increased activity and greater costs than budget, an average of 9 additional placements.
  - Unaccompanied Asylum Seeking Children (UASC) placements £0.4m – 2022/23 pressure continuing into 2023/24, due to additional placements and the costs being greater than the grant received (36 UASC placements; including 3 in July.)
  - The above pressures are part funded by £1.5m Dedicated Schools Grant (DSG) income, which increases the pressure on this grant.
  - Agency £0.7m - increased agency cover for vacancies, maternity leave and the retention of some agency Social Workers for longer (based upon demand / caseloads).
19. The other significant area of overspend is Travel Assistance, included at £1.7m based on the 2022/23 forecast overspend. The additional costs are due to both demand increases £0.6m, which are as a direct consequence of the increased demand within Special educational needs and disability (SEND), in particular for Out of Authority (OOA) placements, and price increases £1m. From September 2021 routes have increased on average approximately £2.5k per year, and there has been additional 47 routes added (projected 17 at September 2021). Price increases are due to both additional pupils added on to routes and/or price increases due to fuel costs. A new SEND Engine Room has been established chaired by an Assistant Director, which includes finance colleagues. This group is developing a plan to address the current challenges, considering all inter-

related areas, e.g. SEND, transport and wider early help support to minimise travel where possible. This work is being considered in the context of the wider SEND transformation work, including placed based provision.

20. The other significant financial risk for the Council relates the Adult Social Care Charging Reform and market sustainability. For the purposes of this MTFS, it is assumed that the impact of the market sustainability and fair cost of funding review will be cost neutral. However, it is becoming increasingly unlikely that any subsequent additional funding from government will cover the growing pressures, therefore this presents a significant risk to the Council.
21. An estimate for the future services pressures has been incorporated at £10m for 2023/24. This is based on the pressures identified in the quarter 1 overspend forecast, plus £2m for additional pressures including £1.6m for Doncaster Culture & Leisure Trust (DCLT). However the current list of additional pressures currently amounts to £4.6m, there is also the potential for this to increase as further pressures are identified. The current pressures are being reviewed to ascertain whether they require including in the current MTFS assumptions or given the overall financial position could the pressures be reduced or removed completely, fully taking into account the implications of not providing the budget and incurring this expenditure.
22. The main focus of our attention needs to continue to be reducing the recurrent ongoing spend and ensuring a sustainable financial position. The Council will be reviewing the 2022/23 budgets to identify any opportunities to deliver savings early, fully considering the implications. Including any one-off savings as this will reduce the level of one-off resources needed from reserves, which are much needed to potential provide transformation and transitional funding until ongoing savings can be delivered.
23. The Council is also facing significant inflation pressures across a number of services including pay, energy and food. Inflation was 10.1% (July CPI) and although it has reduced to 9.9% (August CPI), the level remains high and could increase further in the future. There are also recruitment and retention challenges for particular posts and the impact on the staff from the cost of living. These pressures are also impacting on our partners, e.g. DCLT. DCLT revenue income also continues to be below pre-pandemic service levels and although recovery is anticipated it will take time, therefore further support will be required over the medium-term.
24. The current estimates do not take into account the recently announced government support for energy price increases. In relation to the Council, the information received outlined a six-month cap for local government, schools, and businesses (then a new policy aimed at vulnerable industries, including hospitality). It also indicated that inflation is expected to fall by 4-5%. Further work will be undertaken on the energy price pressures (currently estimated at £2m for the Council and included in the £1.6m overall pressure for DCLT), including quantifying the impact of the government support once further details are available.

#### Summary

25. The scale of the challenges currently being faced are significant and will continue to have an impact for several years.

26. Given the uncertainties, we have modelled 3 scenarios ranging from the best to the worst case. The following table outlines the most likely scenario with the totals for best and worst case scenarios shown at the bottom for comparison: -

	2023/24 £m	2024/25 £m	2025/26 £m	Total 2023/24 - 2025/26 £m
Baseline Income & Government Grants	-16.9	-9.8	-2.0	-28.7
Council Tax Income	-4.3	-4.0	-4.1	-12.4
Grant Exit Strategies	-1.5	0.0	0.0	-1.5
Pay & Price Inflation	28.0	15.4	7.8	51.2
Levying Bodies & Other Expenditure	2.6	0.4	0.3	3.3
Service Pressures	8.4	2.7	2.0	13.1
<b>Funding Gap</b>	<b>16.3</b>	<b>4.7</b>	<b>4.0</b>	<b>25.0</b>
Use of One-off Reserves	0.2	0.9	0.0	1.1
Savings Identified	-4.3	-3.4	0.0	-7.7
<b>Gap</b>	<b>12.2</b>	<b>2.2</b>	<b>4.0</b>	<b>18.4</b>
<b>Best Case Scenario</b>	<b>7.6</b>	<b>2.7</b>	<b>3.0</b>	<b>13.3</b>
<b>Worst Case Scenario</b>	<b>17.2</b>	<b>7.2</b>	<b>4.0</b>	<b>28.4</b>

27. The savings previously identified and approved are provided at Appendix A, for information. This also includes the 2022/23 savings which are mainly being delivered. It is estimated that 73% will be achieved as planned, however this leaves £3.3m in relation to Children Social Care and £0.4m for Senior Management Review, not expected to be delivered.
28. The differing assumptions made for the 3 scenarios are shown in the table below: -

Assumption	Most Likely	Best Case	Worst Case
Business Rates	9.9% multiplier in 23/24 9.5% in 24/25 & 2% in 25/26; growth of 4.099% in 23/24 only.	6% multiplier in 23/24 & 24/25 & 2% in 25/26; growth of 4.099% in 23/24 only.	9.9% multiplier in 23/24 9.5% in 24/25 & 2% in 25/26; growth of 4.099% in 23/24 only.
Grants	All flat except Revenue Support Grant: 2% pa.; Services Grant which increases by 37% in 23/24; and New Homes Bonus ceasing in 23/24.	All increase by 6% / 2% / 2% except Services Grant which increases by 37% in 23/24; and New Homes Bonus ceasing in 23/24.	All flat except New Homes Bonus ceasing in 23/24.
Council Tax	900 net growth in base; 1.99% core; small reduction in Local Council Tax	900 net growth in base; 1.99% core; small reduction in LCTS in 23/24 only.	900 net growth in base; 1.99% core; small reduction in LCTS in 23/24 only.

<b>Assumption</b>	<b>Most Likely</b>	<b>Best Case</b>	<b>Worst Case</b>
	Support (LCTS) in 23/24 only.		
Staff	4% pay award in 23/24 then 2%; increments applied per terms	4% pay award in 23/24 then 2%; increments applied per terms	6% pay award in 23/24, 4% in 24/25, 2% in 25/26; increments applied per terms
Prices	9.9% general increase in 23/24 then 9.5% in 24/25 & 2% in 25/26 and National Living Wage (NLW) increasing to £10.32, £10.95 & £11.17 per hour.	6% general increase in 23/24 then 2% in 24/25 & 25/26 and NLW increasing to £10.32, £10.95 & £11.17 per hour.	12.9% general increase in 23/24 then 12.5% in 24/25 & 2% in 25/26 and NLW increasing to £10.32, £10.95 & £11.17 per hour.
Levies	6.4% Drainage Boards and £240k pa South Yorkshire Passenger Transport Executive (SYPTTE).	6.4% Drainage Boards and £240k p.a. SYPTTE.	6.4% Drainage Boards and £240k p.a. SYPTTE.
Pressures	23/24 £6m of additional pressures and £2m in 25/26.	23/24 £6m of additional pressures and £2m in 25/26.	23/24 £6m of additional pressures and £2m in 25/26.
Savings	No new savings identified at this stage.	No new savings identified at this stage.	No new savings identified at this stage.

## **Mitigations**

29. There are few mitigations available to reduce the overall level of pressures detailed above:-

- Adult Social Care (ASC) precept – if legislation is introduced by government, the Council could opt to add the ASC precept on to council tax as it has done previously. A 1% precept would improve the position by £1.3m.
- Business rates growth – under review in collaboration with planning and Business Doncaster information; may improve the position above but could worsen it.
- Business rates appeals – under review and is likely to improve the overall position.
- Pensions budgets - Additional potential savings based on the latest actuarial valuation information and budgets for former employees.

## **Dedicated Schools Grant**

30. The Dedicated Schools Grant (DSG) is predicted to overspend by £4.85m during 2022/23 to create an overall overspend on DSG of £17.79m. The overspend position is mainly due to pressures within the High Needs Block which includes

expenditure on Out of Authority placements, Specialist Post 16 Institutions, Education Health & Care plan (EHCP) Top Up payments. There is a significant amount of work being completed at both operational and strategic levels. Strategically senior education leads in the council are liaising with schools around the devolution of elements of the DSG to ensure that locally there are the right services in place to support children, improving outcomes and reducing costs. In the last 2 years the Government has recognised the position that many Local Authorities (LA) face on their High Needs Block and have increased the DSG High Need Grant to LAs. The current high needs medium term plan currently shows an overall deficit position of £20.06m at the end of 2025/26. The table below summarises the position.

Description	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
DSG High Needs Grant (after deductions)	41.124	43.547	45.073	46.645
High Needs Block Expenditure	46.438	45.120	45.634	46.101
In Year High Needs Block Variance	<b>5.314</b>	<b>1.573</b>	<b>0.561</b>	<b>-0.544</b>
In year Schools & Early Years Block variance	-0.465	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall DSG Balance</b>	<b>18.475</b>	<b>20.048</b>	<b>20.609</b>	<b>20.065</b>

31. Although the DSG is ring-fenced LAs with deficit balances may need to set aside general fund budget sufficient to pay off the deficit (this is currently not the case but legislation expires at the end of 2022/23 and future arrangements are being consulted on).

## Reserves

32. Reserves are an important aspect of financial planning, providing one-off funding for future pressures both planned for specific purposes (earmarked reserves) and as a contingency for potential pressures and risks such as emergency events, that may have a financial impact in future years. Local Government Act 2003 requires the Chief Financial Officer (Section 151 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.
33. The Council currently holds £10.5m of uncommitted reserves for unforeseen risks and events. These reserves need to be carefully managed and applied judiciously; provided for one off emergencies rather than funding day to day services. This level of uncommitted reserves is not excessive for a Council of our size, which spends circa. £540m a year, £10.5m would only run the Council for 7 days. A risk assessment of the uncommitted reserves is carried out each financial year, when setting the budget and updating the financial plan. This is also regularly reviewed during the financial year as part of the financial monitoring process.

## Next steps

34. The financial position remains volatile and uncertain over the medium-term without knowing a financial settlement beyond March 2022. Although the government committed to a 2-year settlement earlier this year, following recent Governmental changes, a 1-year settlement may be more likely. It's possible



the new government may announce an emergency budget over the next few weeks which will aid planning otherwise we will face uncertainty until the provisional settlement in December. In addition, changes to the funding regime have been mooted for some time. These include the potential impact of the anticipated Fair Funding Review (FFR), “full reset” of the Business Rates Retention scheme and understanding the full impact of the ‘Build Back Better’ plan for Health and Social Care.

35. Our strategy is still to set a balanced budget over the next 3 years, although this is becoming increasingly difficult with the significant cost and funding uncertainties.
36. Over the coming months Directors and their managers will work on savings proposals to deliver a balanced budget. We will look at a hybrid of non-recurrent & recurrent savings in 2023/24 on the basis that it may be possible to reduce spending on Children’s Social Care in future years. The approach will be informed by value for money summary financial information provided by the Local Government Association (LGA) and the council’s external auditors Grant Thornton.
37. The MTFS position will continue to be monitored closely and updated as further information is known and the financial impact of cost pressures becomes clearer during the financial year. All the assumptions and options will be considered as part of the budget setting process culminating in the budget proposals, which will be considered by Cabinet on the 15<sup>th</sup> February and Council for approval on the 27<sup>th</sup> February 2023.

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

38. 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 February 2023.

### **OPTIONS CONSIDERED**









39. A range of scenarios have been produced for the variable elements included in the MTFS, savings options will be developed as part of the budget setting process for 2023/24.

### **REASONS FOR RECOMMENDED OPTION**

40. The report provides an update on the projected MTFS for 2023/24 to 2025/26.

### **IMPACT ON THE COUNCIL’S KEY OUTCOMES**

41. The table below shows how the recommendations of this report impact on the Council’s key outcomes. As the report recommends that Cabinet note and comment on the position there are no implications on the key outcomes. The impact on the key outcomes will be reviewed as the MTFS is update through the budget process.

Great 8 Priority	Positive Overall	Mix of Positive & Negative	Trade-offs to consider – Negative overall	Neutral or No implications
 Tackling Climate Change				<b>X</b>
 Developing the skills to thrive in life and in work				<b>X</b>
 Making Doncaster the best place to do business and create good jobs				<b>X</b>
 Building opportunities for healthier, happier and longer lives for all				<b>X</b>
 Creating safer, stronger, greener and cleaner communities where everyone belongs				<b>X</b>
 Nurturing a child and family-friendly borough				<b>X</b>
 Building Transport and digital connections fit for the future				<b>X</b>
 Promoting the borough and its cultural, sporting, and heritage opportunities				<b>X</b>
<b>Fair &amp; Inclusive</b>				<b>X</b>
<p>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: -</p> <p>a) Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;</p>				

- 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.

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: -

**1.1 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

**1.2 Prioritisation and Planning** – Our key strategic budget themes specifically prioritise the needs of the most disadvantaged in our communities.

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

## **Legal Implications [Officer Initials...SRF... Date...21.09.22]**

- 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. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992, which makes provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding the

principles determined by the Secretary of State. By Regulation, the Government allows Councils to raise Council Tax by a maximum amount. Any further increases would require a local referendum to be held on the increase. As set out in the body of the report that amount has not yet been set by Government and will be announced later during this financial year and the implications of that announcement will need to be considered at that point.

45. Any proposed changes to services will require specific legal advice prior to implementation, particularly in relation to the Council's Public Sector Equality Duty.

#### **Financial Implications [Officer Initials...FT... Date...15.09.22]**

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

#### **Human Resources Implications [Officer Initials...RH... Date...22.09.22]**

47. There are no immediate HR implications identified within this report, however where post reductions are identified HR advice should be sought regarding the process prior to any action being taken. HR will support services in any reduction of posts identified.

#### **Technology Implications [Officer Initials...PW... Date...15.09.22]**

48. 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.

### **RISKS AND ASSUMPTIONS**

49. 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 high levels of inflation and increasing activity pressures. The MTFs contains £4.0m in total for 2024/25 and 2025/26 to allow for unidentified cost pressures.
  - Council Tax – an additional risk in relation to balancing the budget is that 1% council tax increase would only generate circa. £1.3m. The Council Tax system continues to be disproportionate across the country, benefitting Councils with larger tax bases. Doncaster has a relatively low council tax base due to a large proportion (87% in 2021/22) of properties being in Bands A to C. Balancing the budget gap with additional Council Tax income

is not possible and therefore other solutions are required.

- Delivery of Savings – risks in relation to the delivery of planned savings, which are increasingly more difficult to deliver.
- Monitoring Position – risks that the 2022/23 monitoring position worsens which impacts on the underlying baseline financial position moving into 2023/24.
- 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. This is covered in detail in the report.
- 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 future funding changes i.e. 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, which would result in a loss of funding to the council (no assumptions can currently be made about the reset and fair funding review).
- Collection Fund – risks that the income from Council tax and Business rates reduce by more than forecast in the MTFs assumptions.
- Reserves – risks that earmarked and uncommitted reserves are insufficient to support the Council during this period.

50. The MTFs will continue to be reviewed for the risks identified and fully detailed in the budget report for Cabinet and Council in February 2023.

## CONSULTATION

51. This report provides an update on the latest MTFs position, appropriate consultation will be undertaken as part of the budget setting process for the 2023/24 budget, due to be considered in February 2023.

52. 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 2022/23 – 2024/25, 28<sup>th</sup> February, 2022.  
<https://doncaster.moderngov.co.uk/documents/s34671/Revenue%20Budget%20202>

[2-23.pdf](#)

- Cabinet Report – 2022-23 Quarter 1 Finance & Performance Improvement Report, 7<sup>th</sup> September, 2022.

<https://doncaster.moderngov.co.uk/documents/s37284/i6%20cab%20070922%20Q1%20Finance%20Performance%20Report%20Pack.pdf>

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

ASC	Adult Social Care
CPI	Consumer Price Index
DCLT	Doncaster Culture & Leisure Trust
DDT	Doncaster Delivering Together
DSG	Dedicated Schools Grant
LCTS	Local Council Tax Support
EHCP	Education Health & Care plan
ELT	Executive Leadership Team
FFR	Fair Funding Review
LA	Local Authorities
LGA	Local Government Association
MTFS	Medium Term Financial Strategy
NLW	National Living Wage
OOA	Out of Authority placements
PSED	Public Sector Equality Duty
SEND	Special educational needs and disability
SYPT	South Yorkshire Passenger Transport Executive
UASC	Unaccompanied Asylum Seeking Children

## **REPORT AUTHOR & CONTRIBUTORS**

Faye Tyas, Assistant Director of Finance

Tel: 01302 862606, E-mail: [faye.tyas@doncaster.gov.uk](mailto:faye.tyas@doncaster.gov.uk)

Matthew Smith, Head of Financial Management

Tel: 01302 737663, E-mail: [matthew.smith@doncaster.gov.uk](mailto:matthew.smith@doncaster.gov.uk)

Robert Isaac, Financial Planning & Control Manager

Tel: 01302 737983, E-mail: [robert.isaac@doncaster.gov.uk](mailto:robert.isaac@doncaster.gov.uk)

**Debbie Hogg**  
**Director of Corporate Resources**