

**To: All Members of the Financial Policy Panel**

Dear Councillor,

**FINANCIAL POLICY PANEL - TUESDAY, 1ST FEBRUARY, 2022 , Council Chamber - Epsom Town Hall**

Please find attached the following document(s) for the meeting of the Financial Policy Panel to be held on Tuesday, 1st February, 2022.

3. **2022/23 BUDGET AND COUNCIL TAX REPORT** (Pages 3 - 22)

This report provides an update on the preparation of the budget for 2022/23. The report seeks any final guidance from the Panel prior to the preparation of the Budget and Council Tax report for the Council on 15 February 2022.

For further information, please contact Democratic Services, tel: 01372 732000 or [Democraticservices@epsom-ewell.gov.uk](mailto:Democraticservices@epsom-ewell.gov.uk)

Yours sincerely



Chief Executive

This page is intentionally left blank

## **2022/23 BUDGET AND COUNCIL TAX REPORT**

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>Appendices (attached):</b>	Appendix 1 - Summary of 2022/23 Estimates Appendix 2 - Updated Financial Plan 2020-24 Appendix 3 - Updated Efficiency Plan 2020-24

### **Summary**

This report provides an update on the preparation of the budget for 2022/23. The report seeks any final guidance from the Panel prior to the preparation of the Budget and Council Tax report for the Council on 15 February 2022.

### **Recommendation(s)**

#### **The Panel is asked to:**

- (1) Provide the Chief Finance Officer with any further guidance needed to finalise the 2022/23 Budget and Council Tax report;**
- (2) Note the provisional Government financial settlement for 2022/23;**
- (3) Support that the budget gap for 2022/23 should be funded from the Corporate Projects Reserve and Property Income Equalisation Reserve, as set-out in Section 8;**
- (4) Support that the deficit on 2021/22 business rates income and the projected shortfall in business rates income for 2022/23 will be funded from the Business Rates Equalisation Reserve, as set-out in Section 10;**
- (5) Support a recommendation to Council of a council tax increase of £4.95;**
- (6) Note the updated four-year Financial Plan and Efficiency Plan.**

#### **1 Reason for Recommendation**

- 1.1 The recommendations will assist the Council to meet its statutory duty to set a balanced budget for 2022/23.

## 2 Background

- 2.1 Service estimate reports for 2022/23 have been prepared for each of the three policy committees and circulated to all Councillors, via Members Update (14 January), in the draft Budget Book 2022/23.
- 2.2 The estimates have been prepared on the basis of the budget guidelines and targets agreed by Strategy & Resources Committee on 21 September 2021, which were as follows:-
  - 2.2.1 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2022/23 totalling £342,000.
  - 2.2.2 That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;
  - 2.2.3 That a provision for pay award is made of £416,000 that would allow for a 2% cost of living increase;
  - 2.2.4 That a £600,000 contingency is provided for within the 2022/23 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2022/23.
  - 2.2.5 That any new growth items (i.e. cost pressures) supported by Policy Committees will need to be fully funded from existing budgets.
- 2.3 The funding of the capital programme was agreed in November, subject to schemes being supported by the policy committees in the January Committee cycle.
- 2.4 The general fund summary position as contained in the 2022/23 Budget Book reflects the draft services estimates. There are, however, external financing income levels that still need to be finalised:-
  - 2.4.1 The 2022/23 final local government finance settlement;
  - 2.4.2 The level of business rates income that will be retained;
  - 2.4.3 Revenue from council tax depending on the level of any increase for next year.
- 2.5 For pay inflation, the budgeted provision has increased from £416,000 to £516,000 to reflect September's CPI inflation reading of 3.0%. This is in accordance with the Council's agreed four year pay policy to adjust pay by the preceding September CPI figure.
- 2.6 This report provides details of the provisional local government finance settlement and seeks guidance from the Panel on the presentation of the budget and council tax report for 2022/23.

### 3 Covid-19

- 3.1 Covid-19 has continued to have a major impact on the Council's services and finances, as reported to Strategy & Resources Committee, most recently on 21 September in the Budget Targets report.
- 3.2 The impact is expected to continue during 2022/23, with income streams from car parks, the venues, commercial property, business rates and council tax taking time to recover. There may also be additional cost pressures within services such as homelessness.
- 3.3 To mitigate these pressures, the draft budget includes a central provision of £600,000, which is based on the Bank of England's projected growth (as at August 2021) in GDP of 4%, and applying this growth to the Council's circa £10m of fees and charges income.
- 3.4 The financial position will continue to be monitored and reported to members as appropriate.

### 4 2022/23 Provisional Government Settlement

- 4.1 Details of the provisional local government finance settlement were sent to all councillors via email in December 2021.
- 4.2 The spending round is for one year only and, as announced by Rishi Sunak, The Chancellor of the Exchequer, any multi-year settlement containing the outcome of the Fair Funding review and business rates reset has been further delayed until at least 2023/24.
- 4.3 The following table shows that next year's provisional settlement funding assessment has been frozen at 2020/21's level:-

<b>Provisional Settlement Funding Assessment 2022/23</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Revenue Support Grant (RSG)	0	0
Negative RSG	0	0
Retained Business Rates – Baseline	1,420	1,420
<b>Settlement Funding Assessment</b>	<b>1,420</b>	<b>1,420</b>

- 4.4 The impact of delaying the business rates reset means the Council can retain its surplus business rates income above its baseline for one more year than expected, a favourable benefit of c.£200,000.

- 4.5 The delay of the Fair Funding Review means that Negative RSG continues to be excluded from 2022/23's settlement. This in turn means that EEBC is absolved, for another year, from the additional c.£625,000 annual budget pressure that Negative RSG would bring. However, it is still unclear whether Negative RSG will be re-introduced from 2023/24, once Government completes its Fair Funding Review.
- 4.6 The projections at Appendix 1 now assume that Negative RSG will NOT be re-introduced for 2023/24. If it were re-introduced, it would further increase the Council's projected future deficit..
- 4.7 If government makes any changes in the finalised local government finance settlement, these will be communicated to the Panel, or reported to all councillors if not available for the meeting.

## 5 New Homes Bonus Grant

- 5.1 The Council benefits from New Homes Bonus, which is awarded by Government based on the number of new residential properties built in the borough in the preceding year, with a supplement for affordable housing.
- 5.2 The amount of funding available from New Homes Bonus has diminished substantially since Government changed the methodology for awarding the grant from 2018/19 onwards.
- 5.3 Originally the Council received a rolling 6 years of individual allocations, but from 2018/19 this was reduced down to 4 years, alongside further reductions by only awarding funding for growth in homes above a 0.4% per annum baseline.
- 5.4 In 2020/21, further changes were announced to remove new homes bonus grant and legacy payments from the annual award by 2023/24.
- 5.5 For context, back in 2016/17 the Council received in excess of £2 million, but now expects to receive £174,000 in 2022/23, with further reductions expected in subsequent years.

New Homes Bonus	2021/22	2022/23
	£'000	£'000
2018/19	219	
2019/20	21	21
2020/21		
2021/22	9	
2022/23		153
<b>Total</b>	<b>249</b>	<b>174</b>

- 5.6 Since 2019/20, the Council's budget has removed any reliance on New Homes Bonus Grant as a source of funding to support on-going services. All New Homes Bonus funding is transferred to the Corporate Project Reserve to fund one off projects.
- 5.7 Government is reviewing the future of New Homes Bonus, it is therefore unclear whether this grant will continue in future years.

## 6 Other Grants

- 6.1 In addition to the Finance Settlement and New Homes Bonus, Government announced the continuation of the Lower Tier Services Grant totalling £64,000, and a new 2022/23 Services Grant totalling £98,000 for 2022/23 only. The methodology for distributing this funding is expected to change as part of government's funding review, meaning neither source of funding can be relied on beyond 2022/23.

## 7 Core Spending Power

- 7.1 In its spending announcements the Department for Levelling Up, Housing and Communities (DLUHC) also refers to changes in 'core spending power'. This is a term used to measure the impact of all government grant changes on local authority budgets. Core spending power is different from Government funding as this includes income received from New Homes Bonus and council tax.
- 7.2 In its assessment of core spending power, shown in the following table, Government assumes that Councils should increase council tax by the maximum permissible amount.

Core Spending Power	2021/22	2022/23
	£'000	£'000
Retained Business Rates	1,420	1,420
Compensation for Government under-indexing the business rates multiplier	74	117
New Homes Bonus	249	174
Council Tax *	6,904	7,114
Lower Tier Services Grant	60	64
2022/23 Services Grant	0	98
<b>Core Spending Power</b>	<b>8,707</b>	<b>8,986</b>
Covid-19 Support Grant	304	0
<b>Total</b>	<b>9,011</b>	<b>8,986</b>

\* From Government's provisional financial settlement

- 7.3 Nationally there is an increase in spending power for 2022/23 of 6.9%, but for Epsom and Ewell Borough Council, core spending power will increase by £279,000 or 3.2%.

- 7.4 When the removal of the Covid-19 Support Grant is factored in (not counted by DLUHC in its core spending power calculations), the result is a reduction in EEBC's funding of 0.27% when compared to 2021/22.

## 8 Budget Overview

- 8.1 The service estimates, as recommended to the policy committees, are contained in the draft Budget Book 2022/23.
- 8.2 The draft Budget Book currently shows a balanced budget position for next year, however this has been achieved through contributions from the Corporate Projects reserve (of £262k) and Property Income Equalisation (PIE) reserve (of £755k) within S&R Committee:

General Fund Budget Summary	2022/23 Draft Budget
	£'000
Net Cost of Services (as per the Budget Book)	8,886
Add back contribution from Corporate Projects reserve	262
Add back contribution from Property Income Equalisation reserve	755
Less contribution from Business Rates Equalisation reserve*	-259
<b>Updated Net Cost of Services</b>	<b>9,644</b>
<b>Funded by:</b>	
Council Tax (based on £5 annual increase on Band D property)	7,090
Retained Business Rates*	1,606
Lower Tier Services Grant Income	64
Surplus on prior year Council Tax	47
Deficit on prior year Business Rates*	(180)
<b>Sub-Total Funding</b>	<b>8,627</b>
<b>Underlying budget deficit</b>	<b>1,017</b>

\*Figures remain provisional, please see section 10 – Retained Business Rates for further information.

- 8.3 By using the Corporate Projects reserve and Property Income Equalisation reserve as temporary funding sources to meet the budget deficit, this enables the Council to produce a balanced budget for 2022/23, while it continues to progress a number of strategic reviews, with the aim of delivering a sustainable budget and removing reliance on the use of reserves by 2023/24.
- 8.4 The Budget Book includes a £400,000 contribution from revenue to assist in funding the annual capital programme and a provision of £600,000 to mitigate the impact of Covid-19 on services next year.



- 8.5 The Strategy and Resources Committee budget currently includes a £50,000 general contingency to mitigate any unforeseen costs in implementing changes to services identified as part of the 2022/23 budget process, or due to unforeseen additional expenditure on agreed policies and priorities. These provisions reduce the need for services to hold their own individual contingencies.
- 8.6 The funding position included within the Budget Book does not reflect the prior year deficit on business rates, which is still being finalised as part of statutory collection fund returns to be completed by 31 January. Any changes in business rates funding will be met by an appropriation from the Business Rates Equalisation reserve.

## **9 Funding from Commercial Property Company**

- 9.1 Epsom & Ewell Property Investment Company Ltd (EEPIC), the Council's wholly-owned subsidiary, holds two commercial properties outside the Borough. The properties were acquired in 2017 to generate additional income for the Council, before the introduction of new MHCLG statutory guidance in 2018, which restricted the ability to acquire further properties outside the Borough using borrowing.
- 9.2 In December 2020, Strategy & Resources Committee approved a lease re-negotiation for one of the property tenants. The re-negotiation, which was necessary due to the economic impact of Covid-19 on the tenant, will result in a temporary reduction in dividend income from EEPIC, from a budgeted £1.33m in 2020/21 to £600,000 in 2021/22 and 2022/23. This reduction will continue to be offset by an appropriation from the Property Income Equalisation Reserve to the General Fund, in order to neutralise the impact on the Council's revenue budget in the short term.
- 9.3 Dividend income from EEPIC is expected to return to 2020/21 levels in 2023/24, and in the longer term the Property Income Equalisation reserve will need to be replenished.

## **10 Retained Business Rates**

- 10.1 The Government sets a level of business rates that should be collectable by a local authority each year and then, using a national formula, determines how much can be retained by the Council (the funding baseline).
- 10.2 Should the local collection of business rates exceed the government-set baseline, the Council retains a 50% share of the surplus above the baseline. However, should local collection of business rates fall short of the baseline, the Council is liable for a 50% share of the deficit.
- 10.3 The business rates collected for 2021/22 is currently predicted at £6.5m below the original budget forecast. There was also a deficit brought forward from 2020/21 of £0.5m. This results in a combined provisional deficit on the fund of £7.0m with the Council's share being £2,786,000.

- 10.4 The deficit on the collection fund is principally due to mandatory business rates reliefs awarded to eligible businesses during 2021/22, as instructed by central government. The DLUHC has provided assurances that the Council will be compensated for the reliefs with additional grant funding. At this time, £2,606,000 compensatory grants are expected, which would reduce the deficit to be funded by the Council from £2,786,000 to £180,000.
- 10.5 It proposed that the Business Rates Equalisation Reserve is utilised to mitigate any deficit and the impact of changes to planned funding from business rates income. Any compensatory grants from government will be set-aside in the Business Rates Equalisation Reserve and used to fund the provisional **£2,786,000** deficit in 2022/23 and future years, in accordance with collection fund regulations.
- 10.6 The draft Budget Book had provisionally forecast retained business rates income for 2022/23 at £1,685,000, however, updated projections reduce this provisional figure to £1,606,000.
- 10.7 The funding position on retained business rates income for 2022/23 remains provisional, pending submission of statutory collection fund returns to DLUHC at the end of January. Any changes in the overall level funding will be included in the Final Budget Book and offset by a contribution to or from the Business Rates Equalisation Reserve.
- 10.8 The Panel will note that the safety net threshold for 2022/23 is set at £1,313,000 compared to £1,685,000 used for financial planning purposes in the draft estimates, this limits the exposure of losses to £372,000.

## 11 Council Tax Options

- 11.1 It was announced as part of the government's provisional settlement for 2022/23 that District Councils will continue to be allowed to increase their council tax by either £5 per annum (per Band D equivalent property) or up to 2% (whichever is highest) before needing to hold a referendum.
- 11.2 For financial planning purposes, the Medium Term Financial Strategy and Budget Book include an annual council tax increase of 2.38%, which equates to an additional £4.95 per annum or 9½ pence per week for a Band D equivalent property.
- 11.3 To the average band 'D' council tax payer (those not receiving discounts or support), the annual charge for borough services would increase from £208.26 to £213.21 per property.
- 11.4 For the Council's finances, revenue from council tax provides critical income to pay for services, assisting to replace funding lost from government revenue support grant and new homes bonus.

- 11.5 The Panel may feel it appropriate for options of 0% and 2.38% to be included in the budget report to full Council, as set out in the following table:

<b>Council Tax Change</b>	<b>0% Freeze</b>	<b>2.38% Increase</b>
Council Tax (Band D)	£208.26	£213.21
Increase per annum	£0	£4.95
Increase per week	0p	9½p
Additional Income Generated 2022/23	£0	£165,000
Adjustment needed to Draft Budget Book	£165,000 Adverse	£0
On-going Income received in Future Years	£0	£165,000

- 11.6 **Appendix 1** comprises an overview of the draft budget for 2022/23 showing the impact of levels of council tax options, with proposals shown for a freeze and an increase of 2.38%.
- 11.7 Surrey County Council has provisionally proposed a 4.99% council tax increase to help their future funding position. The Surrey County Council and Surrey Police Authority charges (precepts) will be confirmed early in February.

## 12 Capital Programme and Level of Capital Reserves

- 12.1 The draft Capital Programme for 2022/23 recommended by FPP on 30 November totalled £712,000 with £600,000 funded from Disabled Facilities Grants, £87,000 funded from budgeted revenue contribution and £25,000 from the repairs and renewals reserve. Funding the programme in this way it will maintain the level of uncommitted capital receipts reserves at £2.9 million by the end of 2022/23.
- 12.2 The Council agreed within its current Medium Term Financial Strategy to maintain a minimum level of capital reserves of £1 million.
- 12.3 The current Financial Plan includes an additional £100,000 of funding each year from revenue over the next three years to provide resources for a sustainable capital programme.

## 13 Financial Plan 2020-24 and Ten-Year Forecast 2021/22 to 2030/31

- 13.1 The Financial Plan 2020-2024, approved by Full Council in February 2020, has been updated with the latest projections (including the ten-year forecast) and is presented at Appendix 2.

- 13.2 The forecast reduces the reliance on retained business rates to finance the running of council services by 2030/31 and also provides funding for a sustainable capital programme from revenue by 2026/27.
- 13.3 To be able to reduce reliance on these external sources of funding, the Council is projected to need to deliver additional annual savings or income of around £3.96 million by the end of 2030/31.

## **14 Risk Assessment**

### Legal or other duties

#### 14.1 Impact Assessment

- 14.1.1 A financial risk assessment was completed for each of the policy committee revenue budgets. The main financial risks will be presented to Full Council in a corporate budget risk assessment in February.
- 14.1.2 The highest service financial risks are the ongoing impact of Covid-19 on the Council's income streams, and the potential for increased demands for housing and homelessness prevention next year.
- 14.1.3 The Council holds both revenue and capital reserves, and has set aside a £600k provision in next year's budget, which all act as contingencies against financial risk. Despite these contingencies, the level of overall revenue budget risk in 2022/23 is deemed to be high, due to the unprecedented uncertainty.
- 14.1.4 Higher risk also remains for the financial outlook beyond 2022/23, due to the uncertainty on the outcome on the Government's 'Fair Funding' Review and the possibility of cuts in core funding for Epsom and Ewell Borough Council in the 2023/24 settlement.
- 14.1.5 It is anticipated that the 'Fair Funding Review' – the mechanism used to determine individual authority settlements – will generally be used by Government to reduce funding for District Councils.

#### 14.2 Crime & Disorder

- 14.2.1 None arising from the contents of this report.

#### 14.3 Safeguarding

- 14.3.1 None arising from the contents of this report.

#### 14.4 Dependencies

- 14.4.1 None arising from the contents of this report.

#### 14.5 Other

14.5.1 None arising from the contents of this report.

## 15 Financial Implications

- 15.1 The draft Budget Book 2022/23 is highly detailed and therefore please can any questions or queries in respect of this document be sent to relevant officers in advance of the Committee meeting wherever possible.
- 15.2 **Section 151 Officer's comments:** The forecast budget position for 2022/23 is summarised in this report.

## 16 Legal Implications

- 16.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.
- 16.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.

## 17 Policies, Plans & Partnerships

- 17.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 17.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 17.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.
- 17.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 17.5 **Partnerships:** None arising from the contents of this report.

## 18 Background papers

- 18.1 The documents referred to in compiling this report are as follows:

### **Previous reports:**

- 2021/22 Budget Targets and Finance Update, Strategy & Resources Committee - 21 September 2021

### **Other papers:**

- Policy Committee 2021/22 Budget Reports (January 2022 Committee Cycle)
- Draft Budget Book 2022/23

- Medium Term Financial Strategy 2020-2024

<b>BUDGET OVERVIEW FOR 2022/23</b>			
<i>figures may be subject to minor rounding variances</i>			
<b>BASED ON SERVICE ESTIMATES RECOMMENDED TO POLICY COMMITTEES</b>			
<i>(policy committee estimates rounded to £000)</i>			
	<u>2021/22</u>	<u>2022/23</u>	<u>2022/23</u>
<b>Illustrated Council Tax Increase:</b>		<b>0.00%</b>	<b>£4.95</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Strategy & Resources Committee	2,380	2,604	2,604
Environment & Safe Communities	2,308	2,273	2,273
Community and Wellbeing	6,593	6,678	6,678
Less: Capital Charges	-2,669	-2,669	-2,669
Policy Committee Net Expenditure	8,612	8,886	8,886
Contribution from Business Rates Equalisation Reserve	0	-259	-259
Use of Working Balance	0	165	0
<b>Net Expenditure</b>	<b>8,612</b>	<b>8,721</b>	<b>8,627</b>
Business Rates Income	1,652	1,606	1,606
Revenue Support Grant	0	0	0
Lower Tier Services Grant and Covid-19 Support Grant	364	64	64
Council Tax Surplus/(Deficit)	-6	47	47
Business Rates Deficit	-302	-180	-180
Sub-Total	1,708	1,537	1,537
Council Tax Income	6,904	6,925	7,090
<b>External Funding Income</b>	<b>8,612</b>	<b>8,462</b>	<b>8,627</b>
Council Tax Base (Band D Equiv. Properties) <i>(reduced due to Localisation of Council Tax Support)</i>	33,149.63	33,251.43	33,251.43
<b>Basic Amount of Council Tax</b>	<b>£208.26</b>	<b>£208.26</b>	<b>£213.21</b>
<u>1/9ths</u>	<u>Valuation Band</u>		
6	A	£138.84	£142.14
7	B	£161.98	£165.83
8	C	£185.12	£189.52
9	D	£208.26	£213.21
11	E	£254.54	£260.59
13	F	£300.82	£307.97
15	G	£347.10	£355.35
18	H	£416.52	£426.42
<b><u>EPSOM &amp; EWELL BOROUGH COUNCIL - CHANGES</u></b>			
<b>2021/22 Council Tax at Band D =</b> <b>£208.26</b>			
Increase in Council Tax (per annum)	£0.00	£0.00	£4.95
Increase in Council Tax (%)	0.00%	0.00%	2.38%
Increase in Council Tax (per month)	£0.00	£0.00	£0.41
Increase in Council Tax (per week)	£0.00	£0.00	£0.10
<b>Income Generated from Council Tax Increase</b>	<b>£0</b>	<b>£0</b>	<b>£165,000</b>
Use of Working Balance	£0	£165,000	£0
Equivalent Council Tax support from use of working balance (per Council Tax payer)	£0.00	£4.96	£0.00
<i>Note: Budget Requirement</i>	8,612	8,721	8,627
<i>Change</i>		109	15
<i>% Change in Budget Requirement</i>		1.3%	0.2%
<i>Note: Council Tax Requirement</i>	6,904	6,925	7,090
<i>Change (includes tax increase and property number increase)</i>		21	186
<i>% Change in Council Tax Requirement</i>		0.3%	2.7%

This page is intentionally left blank



# REVENUE BUDGET FOUR YEAR FORECAST

Status: Financial Planning Based Updated for 2022/23 Budget											
FOUR YEAR BUDGET PROFILES	MTFS				FORECAST						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
NET SPEND B/F FROM PREVIOUS YEAR	6,387	9,743	8,612	8,627	10,370	10,828	11,392	11,812	12,238	12,670	13,108
add back: Interest on Balances as credited to the revenue account in previous year	96	130	105	80	180	300	400	500	500	500	500
add back: Use of Reserves/Provisions in Previous Year	1,845	-1,264	730	1,476	150	100	50	0	0	0	0
Net Expenditure on Services before changes (Base Budget excluding use of interest on Balances and use of working balance)	8,328	8,609	9,447	10,183	10,700	11,228	11,842	12,312	12,738	13,170	13,608
Allowance for Pay and Price Inflation											
General Inflation - price base	+190	+50	+290	+194	+198	+202	+206	+210	+214	+218	+223
General Inflation - pay base	+400	+240	+516	+424	+433	+442	+450	+459	+469	+478	+488
Other											
Prices Increases net of Increased Fees & Charges	+590	+290	+806	+618	+631	+643	+656	+669	+683	+696	+710
Increases in costs / Reductions in income											
Pension Fund Valuations 2019 & 2022	+150		+129	+100	+100	+100					
Contingency for the impact of Covid		+950	-350								
Increase in cost of waste collection	+61										
Revised cost of building control service			+161								
Increased cost of maintaining ditches and reservoir			+16								
Increase in national insurance contributions			+150								
Net reduction in income from commercial property			+755								
Increase in debt repayments			+41								
Increase in provision for property maintenance	+50	+50	+50	+50							
Property and Regeneration Manager	+50										
Local elections	-70			+80	-80						
Funding of projects within the capital programme	+100	+100	+100	+100	+100	+100	+50				
Other	-83	-71	+28								
Reduced contributions to the Property Equalisation Reserve			-500								
Increased cost of homelessness	+391										
Increases in costs / Reductions in income	+649	+1,029	+580	+330	+120	+200	+50	+0	+0	+0	+0
Changes to External Funding											
Bourne Hall (SCC)	+80										
2022/23 Government Services Grant			-98								
Changes to External Funding	+80	+0	-98	+0	+0	+0	+0	+0	+0	+0	+0
New Home Bonus											
Estimated New Homes Bonus	-385	-240	-174	-21	-21	-21	-21	-21	-21	-21	-21
Transfer to Corporate Project Reserve	+385	+240	+174	+21	+21	+21	+21	+21	+21	+21	+21
NHB Funding used to support General Fund services	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0
Cost Reduction Plan											
Star Chamber	-585	-144	-249	-215							
Service review		-173	-93								
EEPIC Dividend	-100										
Cost Reduction Plan	-685	-317	-342	-215	+0	+0	+0	+0	+0	+0	+0

	MTFS				FORECAST						
FOUR YEAR BUDGET PROFILES	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>
	<u>Budget</u>	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Contributions from Reserves/Provisions</b>											
Funding from business rates equalisation reserve of retained business rates income deficit	+1,380	-308	-459	-150	-100	-50					
Contribution from Property Income Equalisation Reserve			-755								
Funding of increased homelessness from Flexible Housing Support Grant	-116	-116									
Funding from Corporate Projects Reserve		-306	-262								
	<b>+1,264</b>	<b>-730</b>	<b>-1,476</b>	<b>-150</b>	<b>-100</b>	<b>-50</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Fees and Charges</b>											
Increased yield on discretionary Fees and Charges	-290	-164	-210	-216	-223	-229	-236	-243	-251	-258	-266
	<b>-290</b>	<b>-164</b>	<b>-210</b>	<b>-216</b>	<b>-223</b>	<b>-229</b>	<b>-236</b>	<b>-243</b>	<b>-251</b>	<b>-258</b>	<b>-266</b>
<b>Interest on Balances (excludes interest credited to strategic reserves)</b>											
Average level of investments											
Investments (average)	13,000	14,000	16,000	18,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest rate used (supplemented by interest equalisation reserve)	1.00%	0.75%	0.50%	1.00%	1.50%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Total Interest Forecast	-130	-105	-80	-180	-300	-400	-500	-500	-500	-500	-500
Add: Use of interest equalisation reserve	0	0	0	0	0	0	0	0	0	0	0
<b>Interest credited to General Fund to Finance Services</b>	<b>-130</b>	<b>-105</b>	<b>-80</b>	<b>-180</b>	<b>-300</b>	<b>-400</b>	<b>-500</b>	<b>-500</b>	<b>-500</b>	<b>-500</b>	<b>-500</b>
<b>SUMMARY OF FORECASTS</b>											
Net Expenditure on Services before changes (Base Budget excluding use of interest on Balances and use of working balance)	8,328	8,609	9,447	10,183	10,700	11,228	11,842	12,312	12,738	13,170	13,608
Price Increases (inflation)	+590	+290	+806	+618	+631	+643	+656	+669	+683	+696	+710
Increases in costs / Reductions in income	+649	+1,029	+580	+330	+120	+200	+50	+0	+0	+0	+0
Changes to External Funding	+80	+0	-98	+0	+0	+0	+0	+0	+0	+0	+0
NHB Funding used to support General Fund services	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0
Cost Reduction Plan	-685	-317	-342	-215	+0	+0	+0	+0	+0	+0	+0
Contributions from Reserves/Provisions	+1,264	-730	-1,476	-150	-100	-50	+0	+0	+0	+0	+0
Fees and Charges	-353	-164	-210	-216	-223	-229	-236	-243	-251	-258	-266
Interest credited to General Fund to Finance Services	-130	-105	-80	-180	-300	-400	-500	-500	-500	-500	-500
<b>Forecast Net Cost of Services</b>	<b>9,743</b>	<b>8,612</b>	<b>8,627</b>	<b>10,370</b>	<b>10,828</b>	<b>11,392</b>	<b>11,812</b>	<b>12,238</b>	<b>12,670</b>	<b>13,108</b>	<b>13,552</b>
<b>SETTLEMENT ASSESSMENT FUNDING FORECAST</b>											
RSG	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0
Lower Tier Services Grant	+0	+60	+64	+60	+60	+0	+0	+0	+0	+0	+0
Covid-19 Support Grant	0	+304	+0	+0	+0	+0	+0	+0	+0	+0	+0
Retained Business Rates	1,617	1,652	1,606	1,638	1,671	1,554	1,435	1,314	1,190	1,054	915

	MTFS				FORECAST						
FOUR YEAR BUDGET PROFILES	<a href="#">2020/21</a>	<a href="#">2021/22</a>	<a href="#">2022/23</a>	<a href="#">2023/24</a>	<a href="#">2024/25</a>	<a href="#">2025/26</a>	<a href="#">2026/27</a>	<a href="#">2027/28</a>	<a href="#">2028/29</a>	<a href="#">2029/30</a>	<a href="#">2030/31</a>
	<a href="#">Budget</a>	<a href="#">Budget</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>	<a href="#">Forecast</a>
	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>	<a href="#">£000</a>
Formula Grant / Business Rate Retention	1,617	2,016	1,670	1,698	1,731	1,554	1,435	1,314	1,190	1,054	915
Base Income from Council Tax	6,525	6,713	6,904	7,090	7,297	7,480	7,667	7,860	8,057	8,259	8,467
Increase in council tax base	+25	+27	+21	+35	+36	+37	+38	+39	+40	+41	+42
	6,550	6,740	6,925	7,126	7,333	7,517	7,706	7,899	8,097	8,301	8,509
Forecast for increase in Council Tax income (£5 per Band D Property)	+163	+164	+165	+171	+147	+150	+154	+158	+162	+166	+170
Council Tax Income Forecast	6,713	6,904	7,090	7,297	7,480	7,667	7,860	8,057	8,259	8,467	8,679
Surplus / (Deficit) on Retained Business Rates	1,402	-302	-180	0	0	0	0	0	0	0	0
Council Tax Surplus / (Deficit )	11	-6	47	0	0	0	0	0	0	0	0
Assumed Collection Fund Income (Formula Grant + Council Tax)	9,743	8,612	8,627	8,995	9,211	9,222	9,295	9,371	9,450	9,521	9,594
Forecast Budget Shortfall (required use of working balance)	43	0	0	1,375	1,617	2,170	2,517	2,867	3,220	3,587	3,958
GENERAL FUND WORKING BALANCE PROJECTION: AFTER SERVICE COST REDUCTION											
Estimated Working Balance b/f	3,426	3,383	3,383	3,383	2,008	391	-1,779	-4,296	-7,163	-10,383	-13,970
Resulting Working Balance c/f	3,383	3,383	3,383	2,008	391	-1,779	-4,296	-7,163	-10,383	-13,970	-17,928

This page is intentionally left blank

# UPDATED EFFICIENCY PLAN - 2020/21 to 2023/24

					Total £'000
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	
Operational efficiencies and income generation	463	157	33	36	689
<b>Strategy &amp; Resources Committee</b>					
Commercial property rent reviews	62	113			175
Acquisition of investment properties			112	96	208
Reduction in costs due to transfer of Housing Benefit to universal credit				33	33
Borough Insight reduce to 2 publications per annum		24			24
<b>Environment Committee</b>					
Optimise waste collection			100		100
Reduction in cost of grounds maintenance service			67		67
<b>Community &amp; Well-Being Committee</b>					
Review of venue operations	60				60
Review of Bourne Hall			30		30
Reduce level of subsidy for operating the Community & Wellbeing Centre		23		50	73
<b>Total Identified Savings</b>	<b>585</b>	<b>317</b>	<b>342</b>	<b>215</b>	<b>1,459</b>
<b>Unidentified Savings Target</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,295</b>	<b>1,295</b>
<b>Total Savings to Achieve Balanced Budget</b>	<b>585</b>	<b>317</b>	<b>342</b>	<b>1,510</b>	<b>2,754</b>

This page is intentionally left blank