

## **BUDGET TARGETS 2021/22**

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	All Wards
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	Appendix 1 - 10 Year Financial Forecast Appendix 2 - Efficiency Plan Appendix 3 - Statement on Revenue Reserves

### **Summary**

This report updates the Council's financial forecast and recommends financial targets for preparing the draft budget for 2021/22.

### **Recommendation (s)**

**The Panel is asked to recommend to the Strategy and Resources Committee:-**

**(1) The following overall revenue budget target for 2021/22:-**

**(i) That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2021/22 totalling £336,000.**

**(ii) That estimates include options to reduce organisational costs by £1,290,000 subject to government grant announcement, in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy. The £1,290,000 should be funded as set out in Section 9 of this report.**

**(iii) That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;**

**(iv) That a provision for pay award is made of £408,000 that would allow for a 2% cost of living increase;**

**(v) That a £950,000 contingency is provided for within the 2021/22 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2021/22.**

**(2) That officers are tasked in delivering a list of costed options that can be implemented to address any budget shortfall for 2021/22.**

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- (3) Agrees the budget reporting timetable as set out in section 10 of this report.**
- (4) Agrees that 2020/21's projected deficit be funded as set-out at paragraph 6.7.**

### **1 Reason for Recommendations**

- 1.1 The recommendations will provide a clear framework for officers to develop a balanced budget for 2021/22. The Strategy and Resources Committee has agreed one of its key service priorities for 2021/22 is to achieve financial stability for the Council.

### **2 Background**

- 2.1 It is the Financial Policy Panel's role to advise the Strategy and Resources Committee on all matters relating to the budget and policy framework.
- 2.2 In early 2020, the Council completed out a comprehensive review of its finances leading to the approval of the Council's new Medium Term Financial Strategy and Four Year Financial Plan 2020-2024.
- 2.3 Since then, the Council has experienced significant changes due to Covid-19 that now present a major challenge to achieve a balanced budget.
- 2.4 The Council is still managing the current impact of coronavirus on its services, clients and residents which has put a large financial and resource burden on this Council.
- 2.5 This report provides an update on the Council's financial position prior to the Strategy and Resources Committee approving budget targets for 2021/22 and presents the budget timetable in Section 10.
- 2.6 This report also seeks the Panel's guidance on preparation of the 2021/22 budget.

### **3 Revised Position 2020/21**

- 3.1 The environment in which Epsom and Ewell Borough Council operates has changed significantly since the time it approved the 2020/21 Budget and its new Medium Term Financial Strategy back in February.
- 3.2 The Council was unaware of the impact coronavirus would have on its operations and subsequently its finances. A legacy of this pandemic is that it has thrown the country in to a severe recession.

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### **4 Covid-19**

- 4.1 Following the outbreak, the Council suspended a number of non-priority services and scaled back on a number of other services.
- 4.2 The full impact of Covid-19 remains uncertain, however, as a number of services are coming back into operation and restrictions are being lifted, the Council is able to see how the finances are starting to recover.
- 4.3 To forecast the impact of Covid-19 on the Council, three different scenarios were modelled and reported to Strategy & Resources Committee on 02 July 2020, with projected losses in 2020/21 ranging from £4.7m in the best scenario to £8m in the worst scenario
- 4.4 The latest forecast anticipates an overall gross loss for 2020/21, pre government support funding, of approximately £5.7 million.

### **5 Financial Planning**

- 5.1 The Council agreed as part of its Medium Term Financial Strategy in February 2020 to improve its budget position by £1.8 million by 2023/24.
- 5.2 This improvement would make the Council less reliant on Government funding settlements in order to support services, and was planned to be achieved by:
  - 5.2.1 A base review, which entails reviewing the year end position for 2019/20, identifying any potential savings, cost pressures and areas where savings can be developed;
  - 5.2.2 Service reviews;
  - 5.2.3 Property and income generation reviews.
- 5.3 As highlighted earlier in this report undertaking financial planning in an environment of high uncertainty is extremely difficult. On top of the long term impact of Covid-19 on the Council's finances, the Government remains unclear on future funding settlements with a further delay to the Fair Funding Review.
- 5.4 The increased uncertainty has resulted in a number of major changes to the assumptions included with the original Financial Plan.

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- 5.5 This Council over the past years has taken a prudent approach by limiting its reliance on Government funding to support the provision of services. However, to enable this approach the Council has become more reliant on commercial income, which itself is now under threat due to the deteriorating economic environment and the threat of a recession.
- 5.6 The Bank of England forecast as of 6<sup>th</sup> August 2020 expects a retraction in the UK economy of 9.5% for this year.

### 6 Forecast for 2020/21

- 6.1 The latest forecast is based on information provided to MHCLG in the Covid -19 monthly returns. The Council anticipates an overall shortfall of £5.7 million by the end of 2020/21. This deficit is broken own as follows;

	£'000
Direct Covid-19 expenditure	566
Homelessness	526
Loss on Fees & Charges	4,117
Losses on Commercial Income	504
<b>Total Deficit</b>	<b>5,713</b>

- 6.2 The Government has provided this Council with some funding to support the financial impact caused by the crisis. To date it has agreed one-off funding totalling £918,000.
- 6.3 The government has also announced funding support for losses of income incurred by local authorities as a direct result of the crisis. The income protection scheme announced will support losses incurred by the Council to the extent that the first 5% of losses of planned income will be borne by the local authority and Government will compensate 75p in the pound for any qualifying losses thereafter.
- 6.4 The income protection scheme should partly compensate the Council for its losses from fees and charges (excluding commercial property rents). Based on current projections, the scheme would fund our income losses by £2,637,000.
- 6.5 After this anticipated Government support of £918,000 and £2,637,000 is taken into account, it is projected the Council will have a remaining deficit to fund for 2020/21 of £2,158,000.
- 6.6 Following the 2<sup>nd</sup> July S&R meeting, deficit funding of £1.7m has already been agreed from the following sources:
- £200,000 from corporate revenue contingences
  - £400,000 from the property income equalisation reserve
  - £1.1 million from the Corporate Projects reserve.

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- 6.7 With £1.7m deficit funding already agreed, it is now requested that further amounts of £354,000 from the Corporate Projects reserve and £104,000 from the Property income Equalisation reserve be earmarked, to fund the total anticipated deficit of £2.158m for 2020/21, as set-out in the following table:

<b>2020/21</b>	<b>Deficit</b>	<b>Funding</b>
	<b>£'000</b>	<b>£'000</b>
Projected deficit for 2020/21	5,713	
Government grant funding		918
Government income protection scheme		2,637
Use of corporate contingencies		200
Use of Property Income Equalisation reserve		504
Use of Corporate Projects Reserve		1,454
<b>Total</b>	<b>5,713</b>	<b>5,713</b>

## 7 The Council's Reserves

- 7.1 The Council holds General fund reserves for two main purposes, a working balance to safeguard the Council against potential financial risks beyond those for which specific earmarked reserves have been created.
- 7.2 The Council also holds strategic reserves that are amounts set aside for specific policy purposes or for general contingencies.
- 7.3 The Council has experienced an increase in its strategic reserves over the last four years and these have been achieved mainly as a result of one-off gains.
- 7.4 The level of strategic reserves held at the end of 2019/20 was £14.9 million. However, the new requirement to use these reserves to fund the impact of Covid-19 on the Council is expected to reduce balances by nearly £2 million by the 31<sup>st</sup> March 2021.
- 7.5 The 2020/21 Budget agreed by Council in February included a net contribution to strategic reserves of £1.9 million, this included a £1.4 million surplus on Retained Business Rates as a result of having been in the Surrey Pilot in 2018/19, which is to be transferred to the Business Equalisation Reserve. A schedule of the Council's reserves is included at Annexe 2.
- 7.6 A summary of the Council's forecast movement in reserves this year is as follows:

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	Balance as at 1 <sup>st</sup> Apr 2020 £'000	Budgeted Use/Cont'ns 2020/21 £'000	Earmarked for Covid- 19 £'000	Forecast as at 31 <sup>st</sup> Mar 2021 £'000
General Working Balance	3,427	0	0	3,427
Strategic Reserves	14,950	1,881	-1,958	14,873
<b>Total Revenue Reserves</b>	<b>18,377</b>	<b>1,881</b>	<b>-1,958</b>	<b>18,300</b>

7.7 The MTFS's policy is to retain a minimum working balance of £2.5 million.

## 8 Budget Outlook for 2020/21

8.1 Establishing a base position for 2021/22 as already stated is extremely difficult. The uncertainty caused by Covid-19 continues. There is also major uncertainty from other factors such as the outcome of the Government's funding settlement, including the impact of its Fair Funding Review, changes caused by Brexit and the likelihood of the country being in a recession will potentially all have an effect on the Council's financial position going forward from 2021/22.

8.2 Added to the uncertainties above, the Council also has the threat of the County Council's attempt to make the whole County a unitary and effectively cease the existence of Epsom and Ewell Borough Council.

8.3 A financial model has been prepared and the following table summarises the changes anticipated for 2021/22:-

	Ref	£'000
Budget Shortfall for 2021/22 (from Financial Plan)	8.3.1	609
Add:		
Contingency for impact of Covid-19	8.3.2	950
Remove cont'n from business rates equalisation reserve	8.3.3	200
Reduced interest from investments	8.3.4	70
<b>Subtotal – 2021/22 Budget Shortfall before changes in funding assumptions</b>		<b>1,829</b>
Changes in funding assumptions:		
Increase in Retained Business Rates at Baseline level	8.3.5	(555)
Council Tax	8.3.6	16
<b>Revised Budget Shortfall for 2021/22</b>		<b>1,290</b>

8.3.1 The Net Cost Services and projected budget shortfall for 2021/22 has been taken from the budget report agreed by Council on 13 February 2020.

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8.3.2 This contingency represents a 9.5 percent reduction in total budgeted fees and charges income. This reduction is based on the Bank of England's recent forecast that it is expecting the economy to shrink by 9.5% in 2020.

8.3.3 The contribution from the Business Rates Equalisation reserve is not required as the Fair Funding Review has been deferred until 2022/23.

8.3.4 Returns on investments have been reduced in line with the Bank of England reduction in Base Rate to 0.1%.

8.3.5 The Financial Plan assumed that the Fair Funding Review would be introduced for 2021/22 with 'Negative Revenue Support Grant' implemented, which would have reduced overall funding from retained business rates. However, Government has delayed the Fair Funding Review until 2022/23 and as a result, retained business rates for 2021/22 are now assumed to be at the baseline level, which is £169,000 less than 2020/21.

8.4 Council Tax to be increased by £5 for a band D equivalent property and the council tax property baseline to increase by 0.5%.

8.5 A financial model has been prepared and the following table summarises the latest budget forecast:-

	<b>2020/21 Budget £'000</b>	<b>2021/22 Forecast £'000</b>	<b>2022/23 Forecast £'000</b>	<b>2023/24 Forecast £'000</b>
<b>Net Cost of Services b/f</b>		<b>8,609</b>	<b>9,761</b>	<b>9,670</b>
Pay & price increases		598	606	618
Increase in fees & charges		-210	-210	-216
Net change in provisions		1,100	-350	250
Cost Reductions		-336	-137	-215
<b>Forecast Net Cost of Services</b>	<b>8,609</b>	<b>9,761</b>	<b>9,670</b>	<b>10,107</b>
Interest on balances	-130	-105	-160	-225
Transfer to Business Rates Equalisation Reserve	1,380	0	-200	-150
Use of Flexible Housing Support Grant	-116	0	0	0
Transfer from Working Balance	0	0	0	0
<b>Forecast Net Expenditure</b>	<b>9,743</b>	<b>9,656</b>	<b>9,310</b>	<b>9,732</b>
Council Tax income	6,713	6,918	7,124	7,350

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Retained Business Rates	1,617	1,448	925	959
Council Tax Surplus	11	0	0	0
Retained Business Rates surplus	1,402	0	0	0
<b>External Funding</b>	<b>9,743</b>	<b>8,366</b>	<b>8,049</b>	<b>8,309</b>
<b>Funding Shortfall</b>	<b>0</b>	<b>1,290</b>	<b>1,261</b>	<b>1,423</b>

8.6 The forecast budget shortfall for 2021/22 is £1,290,000 and over the next 3 years financial years (inclusive of 2021/22) the total deficit is £3.974m. This shortfall includes the following assumptions:

8.6.1 That this Council will still liable to pay 'Negative RSG' through the reduction in retained business rates income. The Government has delayed the outcome of its funding reviews until 2022/23.

8.6.2 That no New Homes Bonus Grant is used to fund services.

8.6.3 Increases in yield from fees and charges are increased by 3% from 2021/22 onwards.

8.6.4 Provision for increase in pay bill of £408k reflects the Pay & Reward procedure for 2020 to 2024 approved by Strategy & Resources Committee in November 2019. The annual pay award is linked to the CPI index for September. The forecast pay award for 2021/22 onwards is based on an annual increase of 2%.

8.6.5 A provision of £950k to mitigate the impact of long-term impact of Covid-19.

8.6.6 A provision for an increase in property maintenance costs of £50k for 2021/22, 2022/23 and 2023/24.

8.6.7 £100k per annum used to finance projects within the Council's capital programme to limit use of diminishing capital reserves.

8.6.8 Funding utilised from business rates pilot to part mitigate impact of 'negative RSG' payment in 2022/3 to 2023/24.

8.7 The 2021/22 budget figures will change throughout the budget setting process as managers and accountants review budgets and trends.

8.8 The following savings for 2021/22 were agreed in principle by the relevant Policy Committees in the 2020/21 budget targets reports:



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<b>Saving</b>	<b>£'000</b>	<b>Committee</b>
Commercial property rent reviews	60	S&R
Acquisition of investment properties	112	S&R
Borough insight reduction in publications	8	S&R
Locking of parks	50	Environment
Review of Bourne Hall	30	C&W

8.9 The following main factors were used to prepare the forecast.

<b>Assumptions Used</b>	<b>Base £'000</b>	<b>2020/21 Budget</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>
General Inflation - prices	9,500		2.0%*	2.0%	2.0%
Pay bill growth	11,000		3.7%	3.6%**	3.6%**
Fees & Charges allowance: annual increased yield on <b>discretionary charges</b>	7,000		3.0%	3.0%	3.0%
Interest rate used			0.75%	1.00%	1.25%
Increase in Council Tax	6,713	£203.31	Annual increase of £5 for a Band D equivalent property		
Increase in property base	33,020***		0.5%	0.5%	0.5%

\* allows for unavoidable price inflation only

\*\* assumes pay award in 2021/22 and 2022/23 of 2%

\*\*\* Band D equivalent

## 9 Workplan and Options to address the 2021/22 Deficit

9.1 The forecast funding deficit for 2021/22 is approximately £1.3 million after allowing for changes as set out in section 8 of this report. It is proposed to address the forecast funding deficit with the following measures:

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	<b>Ref</b>	<b>£'000</b>
Reduction in corporate contingencies	9.1.1	(200)
Identify other service efficiencies and changes and/or bring forward savings scheduled for 2022/23 & 2023/24	9.1.2	(352)
Savings from base review	9.1.3	(200)
Contribution from Corporate Projects Reserve	9.1.4	(538)
<b>Total</b>		<b>(1,290)</b>

9.1.1 As identified in the quarter 1 Covid-19 finance report, this existing contingency was used to fund the response to Covid-19 in 2019/20.

9.1.2 Identify deliverable savings of £352,000, from efficiency and changes in service delivery, these options may include fast tracking future savings identified in the Financial Plan in to 2021/22 where possible. The Council's Cost reduction Plan is attached.

9.1.3 There is potentially additional savings to be found from the existing budgets and based on previous experience and work undertaken on last year's final outturn for 2019/20 there is potentially £200,000 of savings that could be realised.

9.1.4 To fund the contingency within the 2021/22 budget and mitigate losses it may be necessary to require the use of the Corporate Projects Contingency.

9.2 It is also recommended that officers prepare a range of alternative savings that can be delivered during 2021/22 if the financial impact on this Council of changes outlined in paragraph 9.1 are worse than forecast in this report and this includes suspending all non-essential expenditure.

9.3 It is proposed that officers undertake reviews throughout the year and during the budget setting process to help deliver options that can provide for a sustainable balanced budget. A list of proposals will be prepared and presented to members by officers with suggestions of how to reduce the shortfall.

## 10 Budget Timetable

10.1 The table below summaries the overview of the budget review process:

	<b>Financial Planning</b>
<b>September</b>	End of Year Financial Reports Review of Revenue and Capital Expenditure Set Budget Targets for 2021/22
<b>October - December</b>	Estimates and Budget Options Capital finances and appraisals

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<b>January</b>	Service estimates and investment plans for following year Capital schemes to Council
<b>February</b>	Determine budget and council tax Approve capital programme for 2021/22
<b>March</b>	Publish budget Council tax information and billing

### **11 New Homes Bonus**

- 11.1 The Council agreed as part of the 2019/20 budget to remove any reliance on this grant to provide funding towards the on-going costs of operating Council services.
- 11.2 The Government announced that from 2021/22 the methodology would change and legacy payments would be removed from the annual award by 2023/24.
- 11.3 The grant is expected to reduce to £240,000 in 2021/22, a fall of £186,000 from that received for 2020/21.
- 11.4 The Council has agreed that any New Homes Bonus Grant funding is transferred to the Corporate Projects Reserve to fund one-off projects.

### **12 EEPIC (Property Investment Company)**

- 12.1 The Company owns two commercial properties which, after deducting interest payments and contributions to reserves, are providing an overall benefit to the Council's general fund in 2021/22 of around £900,000. This funding is included in the base budget.

### **13 Fees and Charges**

- 13.1 Budgeted income from discretionary fees and charges totals nearly £7 million. Additional income targets were again set this year for Council run venues along with increases in other fees and charges. The 2021/22 budget forecast assumes an additional yield on charges set by the Council generating £210,000 based on a minimum overall increase of 3.0% in total income.

### **14 Council Tax and Retained Business Rates**

#### Council Tax

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- 14.1 The forecast assumes an increase in council tax income of £5 per annum for a Band D equivalent property. It is anticipated this level of tax increase would keep the council tax in the lower half of the Surrey Districts, consistent with the council tax policy.
- 14.2 The current Band D for the Borough is £203.31. The Borough's council tax is benchmarked against the other Surrey District council tax levels.

### Retained Business Rates

- 14.3 Covid-19 is likely to effect the level of business rates income collected for 2020/21. The fund anticipates that the Council's share of the forecast deficit to be around £600k for 2020/21.
- 14.4 The Government has postponed its Fair Funding and Retained Business Rates reviews for a further year until 2022/23. The delay means that the anticipated reductions in funding from the reset of the Baseline position and the expected reduction in Baseline by the equivalent of the Negative Revenue Support Grant (£625k) will not materialise until 2022/23.
- 14.5 Strategy and Resources Committee agreed that any losses generated on the collection funds by the end of 2020/21 will be funded from the business rates equalisation reserve.
- 14.6 The uncommitted balance on the business rates equalisation reserve as at 31<sup>st</sup> March 2020 was £1 million.

### **15 Capital Programme**

- 15.1 The Council agreed within its current Medium Term Financial Strategy to maintain a minimum level of capital reserves of £1 million.
- 15.2 The forecast assumes as included in the approved Financial Plan that an additional £100,000 of revenue funding will be made available to fund the 2021/22 capital programme.
- 15.3 The capital programme review for 2021-2022 is under way. The Capital Member Group is due to meet in September to review draft bids.

### **16 Proposals**

- 16.1 The recommendations to the Strategy and Resources Committee are covered in the recommendations of this report.
- 16.2 The Panel is requested to advise whether any changes are needed to the budget strategy or the charging assumptions used in setting the budget target for 2021/22.

### **17 Risk Assessment**

Legal or other duties

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### 17.1 Impact Assessment

17.1.1 The Council is facing unprecedented times with increased risk due to the uncertainty on the number of factors that are likely to impact next year, these are mentioned in this report.

17.1.2 The budget strategy involves continuing to deliver a sustainable budget. The strategy identifies a balance between the generation of savings and the use of reserves to manage the Council's transition to a long-term sustainable budget.

17.1.3 Whilst the country is in the middle of a pandemic, this has made the level of certainty in any forecasting much more difficult. Added factors such as the country entering a recession, the impact of Brexit and the risks of further funding cuts from Central Government and from Surrey County Council all provide for greater risk in the accuracy of any forecasts.

17.1.4 The budget needs to provide the Council with options to enable it to manage a further deterioration in its financial position, potentially worse than is currently being predicted.

17.1.5 The budget position for 2021/22 will be reassessed later this year when detailed service estimates have been prepared.

17.1.6 The Council has a statutory duty to set a balanced budget each year, agreed by Full Council.

### 17.2 Crime & Disorder

17.2.1 None.

### 17.3 Safeguarding

17.3.1 None.

### 17.4 Dependencies

17.4.1 Finance officers will work with Heads of Service and budget managers to identify options to address the budget deficit.

### 17.5 Other

17.5.1 None.

## 18 Financial Implications

18.1 **Section 151 Officer's comments:** The financial outlook for 2021/22 is detailed in this report.

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18.2 The 2021/22 budget figures will change throughout the budget setting process as the future impact of items identified in this report become clearer and managers and the Finance Team review budgets and trends.

### 19 Legal Implications

19.1 The Council has a statutory duty to set a balanced budget, with the level of council tax agreed at Full Council.

19.2 **Monitoring Officer's comments:** None arising from the contents of this report.

### 20 Policies, Plans & Partnerships

20.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council

20.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

20.3 **Climate & Environmental Impact of recommendations:** None

20.4 **Sustainability Policy & Community Safety Implications:** None

20.5 **Partnerships:** None

### 21 Background papers

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

#### **Previous reports:**

- Financial Impact of Covid-19 report to Strategy & resources Committee 02 July 2020.

#### **Other papers:**

- Budget Book 2020/21
- Medium Term Financial Strategy 2020-2024

## REVENUE BUDGET FORECAST

Status: Financial Planning Based on 2020/21 Budget

FOUR YEAR BUDGET PROFILES	NEW MTFS				FORECAST					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>NET SPEND B/F FROM PREVIOUS YEAR</b>	6,387	9,743	9,656	9,310	9,732	10,315	10,879	11,249	11,675	12,107
add back: Use of New Homes Bonus in Previous Year	0	0	0	0	0	0	0	0	0	0
add back: Interest on Balances as credited to the revenue account in previous year	96	130	105	160	225	300	400	500	500	500
add back: Use of Reserves/Provisions in Previous Year	1,845	0	0	0	0	0	0	0	0	0
<b>Net Expenditure on Services before changes (Base Budget excluding use of interest on Balances and use of working balance)</b>	<b>8,328</b>	<b>9,873</b>	<b>9,761</b>	<b>9,470</b>	<b>9,957</b>	<b>10,615</b>	<b>11,279</b>	<b>11,749</b>	<b>12,175</b>	<b>12,607</b>
<b>Allowance for Pay and Price Inflation</b>										
General Inflation - price base	+190	+190	+190	+194	+198	+202	+206	+210	+214	+218
General Inflation pay bill base	+400	+408	+416	+424	+433	+442	+450	+459	+469	+478
Other	-83									
<b>Prices Increases net of Increased Fees &amp; Charges</b>	<b>+507</b>	<b>+598</b>	<b>+606</b>	<b>+618</b>	<b>+631</b>	<b>+643</b>	<b>+656</b>	<b>+669</b>	<b>+683</b>	<b>+696</b>
<b>Increases in costs / Reductions in income</b>										
Pension Fund Valuations 2019 & 2022	+150			+100	+100	+100				
Contingency for the impact of Covid		+950								
Increase in cost of waste collection	+61									
Change in corporate contingencies										
Increase in provision for property maintenance	+50	+50	+50	+50						
Property and Regeneration Manager	+50									
Local elections	-70									
Funding of projects within the capital programme	+100	+100	+100	+100	+100	+100	+50			
Increased cost of homelessness	+391									
<b>Increases in costs / Reductions in income</b>	<b>+732</b>	<b>+1,100</b>	<b>+150</b>	<b>+250</b>	<b>+200</b>	<b>+200</b>	<b>+50</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Changes to External Funding</b>										
Bourne Hall (SCC)	+80									
Use of Flexible Homeless Support Grant										
Loss of Housing Benefit Admin Grant										
Grant funding from DCLG for Local Council Tax Admin Subsidy										
Remove funding from Property Company towards funding capital programme										
Higher Needs										
<b>Changes to External Funding</b>	<b>+80</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>New Home Bonus</b>										
Estimated New Homes Bonus	-385	-240	-21	-21	-21	-21	-21	-21	-21	-21
Transfer to Corporate Project Reserve	+385	+240	+21	+21	+21	+21	+21	+21	+21	+21
<b>NHB Funding used to support General Fund services</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Cost Reduction Plan</b>										
Star Chamber	-585	-336	-137	-215						
Acquisition of Commercial Property/ Increased income										
Base review										
EEPIC Dividend	-100									
Savings from Leadership Team restructure										

FOUR YEAR BUDGET PROFILES	NEW MTFS				FORECAST					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost Reduction Plan	-685	-336	-137	-215	+0	+0	+0	+0	+0	+0
<b>Contributions from Reserves/Provisions</b>										
Funding from business rates equalisation reserve of retained business rates income deficit	+1,380	-1,380	-200	+50	+50	50				
Contribution from Corporate Projects Reserve										
Funding of increased homelessness from Flexible Housing Support Grant	-116	+116								
Reduced contributions to the Property Equalisation Reserve			-500							
	+1,264	-1,264	-700	+50	+50	+50	+0	+0	+0	+0
<b>Fees and Charges</b>										
Increased yield on discretionary Fees and Charges	-290	-210	-210	-216	-223	-229	-236	-243	-251	-258
	-290	-210	-210	-216	-223	-229	-236	-243	-251	-258
<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
Interest rate used (supplemented by interest equalisation reserve)	1.00%	0.75%	1.00%	1.25%	1.50%	2.00%	2.50%	2.50%	2.50%	2.50%
Total Interest Forecast	-130	-105	-160	-225	-300	-400	-500	-500	-500	-500
Add: Use of interest equalisation reserve	0	0	0	0	0	0	0	0	0	0
Interest credited to General Fund to Finance Services	-130	-105	-160	-225	-300	-400	-500	-500	-500	-500
<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	9,873	9,761	9,470	9,957	10,615	11,279	11,749	12,175	12,607
Price Increases (inflation)	+507	+598	+606	+618	+631	+643	+656	+669	+683	+696
Increases in costs / Reductions in income	+732	+1,100	+150	+250	+200	+200	+50	+0	+0	+0
Changes to External Funding	+80	+0	+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
Cost Reduction Plan	-685	-336	-137	-215	+0	+0	+0	+0	+0	+0
Contributions from Reserves/Provisions	+1,264	-1,264	-700	+50	+50	+50	+0	+0	+0	+0
Fees and Charges	-353	-210	-210	-216	-223	-229	-236	-243	-251	-258
Interest credited to General Fund to Finance Services	-130	-105	-160	-225	-300	-400	-500	-500	-500	-500
Forecast Net Cost of Services	9,743	9,656	9,310	9,732	10,315	10,879	11,249	11,675	12,107	12,545
Final Outturn variance										
Revised Net cost of Services	9,743	9,656	9,310	9,732	10,315	10,879	11,249	11,675	12,107	12,545
<b>SETTLEMENT ASSESSMENT FUNDING FORECAST</b>										
RSG	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0
Transitional Grant	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0
Tariff Adjustment	0	0	0	0	0	0	0	0	0	0
Retained Business Rates	1,617	1,448	925	959	828	695	559	420	278	124
Small Business Rate Relief Grant	0	0	0	0	0	0	0	0	0	0
Localism Relief Grant	0	0	0	0	0	0	0	0	0	0
Formula Grant / Business Rate Retention	1,617	1,448	925	959	828	695	559	420	278	124
Base Income from Council Tax	6,525	6,713	6,918	7,124	7,350	7,553	7,761	7,976	8,196	8,423



FOUR YEAR BUDGET PROFILES	NEW MTFS				FORECAST					
	<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>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>
Increase in council tax base	+25	+34	+35	+53	+55	+57	+58	+60	+61	+63
	<b>6,550</b>	<b>6,747</b>	<b>6,952</b>	<b>7,178</b>	<b>7,405</b>	<b>7,609</b>	<b>7,820</b>	<b>8,035</b>	<b>8,258</b>	<b>8,486</b>
Forecast for increase in Council Tax income (£5 per Band D Property)	+163	+171	+172	+172	+148	+152	+156	+161	+165	+170
<b>Council Tax Income Forecast</b>	<b>6,713</b>	<b>6,918</b>	<b>7,124</b>	<b>7,350</b>	<b>7,553</b>	<b>7,761</b>	<b>7,976</b>	<b>8,196</b>	<b>8,423</b>	<b>8,656</b>
Surplus / (Deficit) on Retained Business Rates	1,402	0	0	0	0	0	0	0	0	0
Council Tax Surplus	11	0	0	0	0	0	0	0	0	0
<b>Assumed Collection Fund Income (Formula Grant + Council Tax)</b>	<b>9,743</b>	<b>8,366</b>	<b>8,049</b>	<b>8,309</b>	<b>8,381</b>	<b>8,456</b>	<b>8,534</b>	<b>8,616</b>	<b>8,701</b>	<b>8,780</b>
<b>Forecast Budget Shortfall (required use of working balance)</b>	<b>0</b>	<b>1,290</b>	<b>1,261</b>	<b>1,423</b>	<b>1,934</b>	<b>2,423</b>	<b>2,714</b>	<b>3,059</b>	<b>3,406</b>	<b>3,765</b>
<b>GENERAL FUND WORKING BALANCE PROJECTION: AFTER SERVICE COST REDUCTION</b>										
Estimated Working Balance b/f	3,426	3,426	2,136	875	-548	-2,482	-4,905	-7,619	-10,678	-14,084
Resulting Working Balance c/f	3,426	2,136	875	-548	-2,482	-4,905	-7,619	-10,678	-14,084	-17,849

**EFFICIENCY PLAN - 2020/21 to 2023/24**

	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	
Operational efficiencies and income generation	463	76	7	36	582
<b>Strategy &amp; Resources Committee</b>					
Commercial property rent reviews	62	60			122
Acquisition of investment properties		112		96	208
Reduction in costs due to transfer to universal credit				33	33
Borough Insight reduce to 2 publications per annum		8			8
<b>Environment Committee</b>					
Optimise waste collection			100		100
Locking of parks		50			50
<b>Community &amp; Well-Being Committee</b>					
Review of venue operations	60				60
Review of Bourne Hall		30	30		60
Reduce level of subsidy for operating the Community & Wellbeing Centre				50	50
<b>Total Identified Savings</b>	<b>585</b>	<b>336</b>	<b>137</b>	<b>215</b>	<b>1,273</b>
<b>Unidentified savings Target</b>	<b>-</b>	<b>609</b>	<b>- 362</b>	<b>196</b>	<b>443</b>
<b>Total Savings Delivered to Achieve Balanced Budget</b>	<b>585</b>	<b>945</b>	<b>- 225</b>	<b>411</b>	<b>1,716</b>

REVENUE RESERVES 2020/21

	Balance at 31 March 2020	Net Transfers in / out of Reserve	Total for Year	Forecast transfers	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000
<b>Current Balances</b>					
<b>General Fund</b>	<b>3,427</b>	<b>0</b>	<b>3,427</b>	<b>0</b>	<b>3,427</b>
<b>Strategic Earmarked Reserves</b>					
Interest Equalisation	400		400	0	400
Repairs and Renewals	360	69	429	0	429
Historic Buildings	0		0	0	0
Insurance	466	-25	441	0	441
Hospital Cluster Interest	0		0	0	0
Community Safety	111	-1	110	0	110
Property Maintenance	550	-274	276	0	276
VAT Reserve	251		251	0	251
Housing & Planning Delivery Grant	87		87	0	87
Corporate Project Reserve	3,956	218	4,174	-1,454	2,720
Personalisation, Prevention & Partnership Reserve	73		73	0	73
Business Rate Equalisation Reserve	1,291	1,367	2,658	0	2,658
Partnerships (ex yell young people and local partnerships)	28		28	0	28
Residential Property Acquisition Fund	1,161		1,161	0	1,161
Sports & Leisure Development Projects Fund	86	-5	81	0	81
Commuted Sums	1,464		1,464	0	1,464
Flexible Housing Support Grant	596	-188	408	0	408
Homelessness Reduction Act	19		19	0	19
HIA Hardship Fund	88	-35	53	0	53
Mortgage Rescue/Arrears Funding DCLG	9		9	0	9
Surrey Homeless Alliance Funding DCLG	1		1	0	1
Community Housing Fund	0		0	0	0
Basic Payments Scheme	123		123	0	123
Property Income Equalisation Reserve	3,830	755	4,585	-504	4,081
<b>Strategic Earmarked Reserves</b>	<b>14,950</b>	<b>1,881</b>	<b>16,831</b>	<b>-1,958</b>	<b>14,873</b>
<b>Total Revenue Reserves</b>	<b>18,377</b>	<b>1,881</b>	<b>20,258</b>	<b>-1,958</b>	<b>18,300</b>