

Medium Term Financial Plan 2022/23 to 2025/26

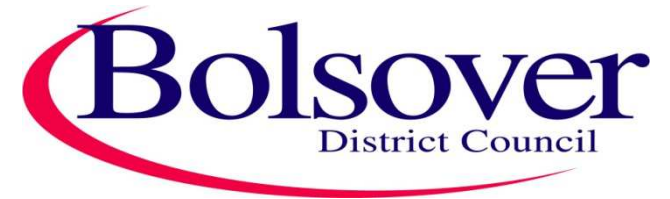
Introduction to the report



- Finances for the Council for the years 2022/23 to 2025/26.
- Includes revenue and capital expenditure.
- Includes General Fund (GF) and Housing Revenue Account (HRA) expenditure and income.
- Council Tax implications are discussed.
- HRA dwelling rents are proposed.
- Capital Programme detailed.

- The report contains:
 - Appendix 1 is GF summary
 - Appendix 2 gives the GF detail.
 - Appendix 3 is HRA summary
 - Appendix 3 table 1 gives HRA fees and charges
 - Appendix 4 gives the capital programme detail

Revenue or Capital?



- The revenue budget is the term used to describe the amount spent on the Council's day-to-day running of services.
- In addition to the costs of running services, we also have to fund the costs of borrowing money to pay for capital assets.
- The capital budget covers the money the Council spends on investing in or the construction of buildings, infrastructure and expensive pieces of plant or equipment.
- It also includes grants and advances made to the private sector for capital purposes, such as grants for disabled adaptations.
- As a Council we have decided anything costing less than £10,000 is automatically revenue, unless a number of the same item are purchased such as photocopiers.

What is the HRA?



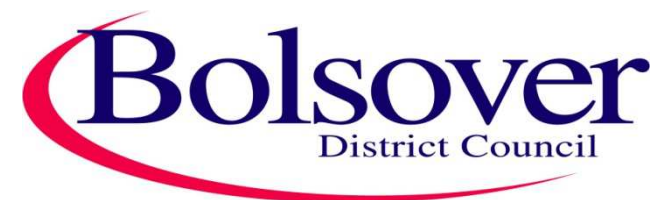
- Housing Revenue Account
- 'Councils with more than 50 properties are required to maintain a separate account that contains all the income and expenditure necessary to manage and maintain their housing stock.'
- This is a ring-fenced account and all transactions must be kept separate from other Council income and expenditure.
- The Council must balance the HRA each year, they must not budget for a deficit after the working balance is taken into account.
- Housing rents provide the income for the HRA and this must not be used to pay for general fund items.
- The main area of expense is the repair and maintenance of properties and interest and debt repayments.
- Separation applies to revenue and capital expenditure.

What is the GF?



- Any transaction that is not housing is automatically general fund!
- The main sources of income are business rates, council tax and a small amount of government grant.
- The main cost for GF is salaries.
- GF income must not be used to pay for HRA expenditure.
- Again, we have to keep separate, revenue and capital expenditure.

The proposed General Fund revenue budgets

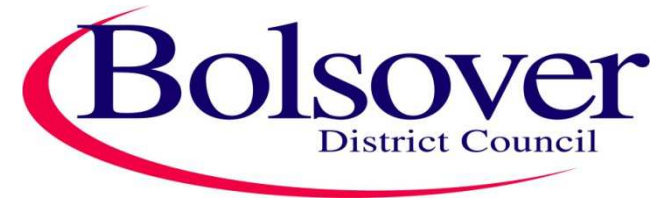


| | 2022/23 Original Budget £'000 | 2023/24 Forecast £'000 | 2024/25 Forecast £'000 | 2025/26 Forecast £'000 |
|---|--|------------------------------|------------------------------|------------------------------|
| Current Budget Shortfall | 82 | 18 | 0 | 1,212 |
| Pension costs to be funded by GF balance | (82) | (18) | 0 | 0 |
| Basic assumption for future council tax increases | (112) | (222) | (332) | (442) |
| Potential new income | (443) | (1,097) | (1,682) | (2,141) |
| Closing Budget Surplus | (555) | (1,319) | (2,014) | (1,371) |

Government Funding

- Yet again a delay to the 'real' Spending Review 2021.
- 2019/20 was rolled over into 2020/21 and then 2021/22 and now it's been rolled into 2022/23.
- New homes bonus extra £0.608m
- Business rates £1.532m
- Revenue support grant £1.232m
- Lower Tier Services grant £0.131m
- 2022/23 Services grant £0.202m
- **These are only a one year benefit!**
- 2023/24 onwards reverts to previous assumptions.
- The Spending Review 2022 is expected to introduce the changes to Local Government funding that we've been waiting for.

NNDR Growth Protection Reserve



- Established a few years ago from business rates income.
- A savings pot to fund GF for when the growth is taken from us.
- In recent years any excess government income has been transferred in.
- Contributions to and use of, the reserve:

| | 2022/23 £'m | 2023/24 £'m | 2024/25 £'m | 2025/26 £'m |
|----------------------------|----------------|----------------|----------------|----------------|
| Movement (to)/from reserve | (0.004) | 3.262 | 2.990 | 1.802 |

Council Tax implications – Band D

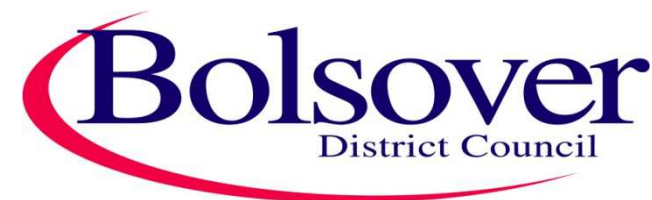


- The Council's part of the bill in 2021/22 was increased by 2.75%.
- This year we are again limited to 2% or £5 whichever is greater.

| Increase | New Band D £ | Annual Increase £ | Weekly Increase £ | Extra Revenue £ |
|----------|-----------------|----------------------|----------------------|--------------------|
| 1% | 188.14 | 1.86 | 0.04 | 41,753 |
| 2% | 190.00 | 3.73 | 0.07 | 83,560 |
| 2.68% | 191.28 | 5.00 | 0.10 | 112,163 |

- For 2022/23, 2.68% is proposed, which is £5 for a band D property.

The proposed Housing Revenue Account revenue budgets



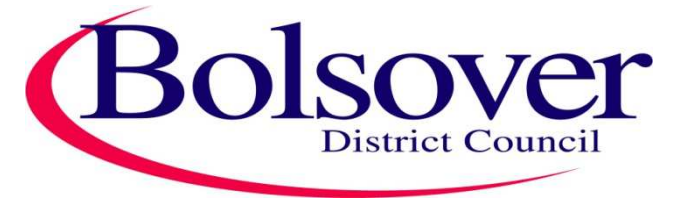
| | 2022/23 Original Budget £'000 | 2023/24 Forecast £'000 | 2024/25 Forecast £'000 | 2025/26 Forecast £'000 |
|-------------------------------------|--|------------------------------|------------------------------|------------------------------|
| Expenditure | 14,139 | 13,799 | 14,049 | 14,255 |
| Income | (22,291) | (22,735) | (23,189) | (23,651) |
| Net Cost of Service | (8,152) | (8,936) | (9,140) | (9,396) |
| Depreciation | 4,275 | 4,275 | 4,275 | 4,275 |
| Net t/f to reserves and balances | 3,877 | 4,657 | 4,861 | 5,111 |
| Net (Surplus) | (0) | (4) | (4) | (10) |

Proposed HRA dwelling rents and fees and charges



- In 2021/22 rents were set in line with Government regulations with an increase of Consumer Price Index (CPI) plus 1% = 1.5%.
- For 2022/23 – 2025/26 we are still allowed CPI plus 1%.
- For 2022/23 the increase is 4.1%.
- 2% has been assumed for all future years of the plan.
- Voids (empty property levels) for 2022/23 – 2025/26, 3% has been included. Rents reduced by £673k in 2022/23.
- In 2022/23, 1% of the dwelling rent income means £224k.
- Fees and Charges increased by 4.1% where an increase has been applied.

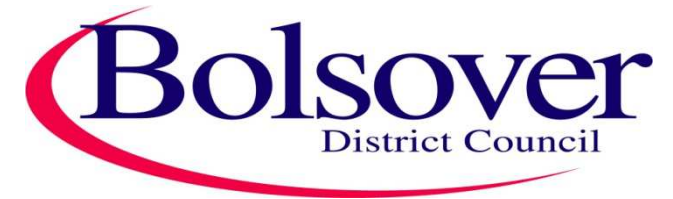
Proposed Dwelling Rents



- Average rent increases on a 48 week basis, excluding service charges are:

| Increase | New Rent Charge | Annual Increase | Weekly Increase | Range of New Rent Charge |
|--|-----------------|-----------------|-----------------|--------------------------|
| 4.1% | £88.92 | £155.04 | £3.23 | £64.40 - £115.69 |
| Average for Social Rent properties | | | | |
| 4.1% | £117.11 | £204.00 | £4.25 | £83.79 - £206.12 |
| Average for Affordable Rent properties | | | | |

The GF Capital Programme

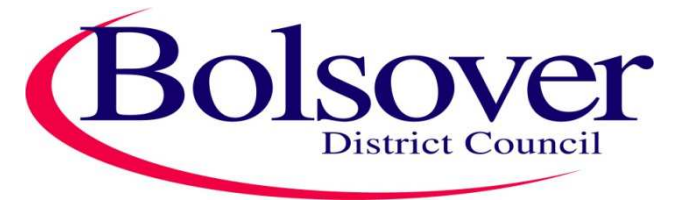


| | 2022/23 Original Programme £'000 | 2023/24 Forecast Programme £'000 | 2024/25 Forecast Programme £'000 | 2025/26 Forecast Programme £'000 |
|-------------------------------|---|---|---|---|
| Building Assets | 406 | 310 | 310 | 310 |
| IT Schemes | 198 | 156 | 122 | 52 |
| Leisure Schemes | 40 | 15 | 15 | 15 |
| Disabled Facilities Grants | 500 | 500 | 500 | 500 |
| Vehicles and Plant | 766 | 1,578 | 84 | 64 |
| GF Total | 1,910 | 2,559 | 1,031 | 941 |

The HRA Capital Programme



| | 2022/23 Original Programme £'000 | 2023/24 Forecast Programme £'000 | 2024/25 Forecast Programme £'000 | 2025/26 Forecast Programme £'000 |
|-------------------------------|---|---|---|---|
| New Build Properties | 9,000 | 9,000 | 8,500 | 0 |
| Vehicles | 351 | 432 | 159 | 0 |
| Public Sector Housing Schemes | 5,000 | 5,387 | 5,387 | 5,387 |
| IT Schemes | 100 | 0 | 0 | 0 |
| HRA Total | 14,451 | 14,819 | 14,046 | 5387 |



Any Questions?