

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title/Subject Matter:</b>	Final 2022/23 Revenue Budget and Medium-Term Financial Strategy (2023/24 to 2026/27); including the Capital Programme
<b>Meeting/Date:</b>	Cabinet – 10 February 2022
<b>Executive Portfolio:</b>	Executive Councillor for Strategic Resources
<b>Report by:</b>	Chief Finance Officer
<b>Wards affected:</b>	All

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**Executive Summary:**

In order for the Council to:

- set the Council Tax for the area, the Council is required to set an annual Budget for the forthcoming year, and to
- ensure effective future financial planning, the Council approves a Medium-term Financial Strategy (MTFS) for the subsequent 4 years.

Consequently, this report sets out the final budget for 2022/23 and the revised MTFS for the period 2023/24 to 2026/27 for Cabinet approval.

The Budget includes relevant savings, income and growth proposals, implications of the Provisional Financial Settlement and the impact of Covid 19, together with a planned Council Tax increase of 3.43% (equating to £5) for 2022/23 and then £5 increase per annum for the duration of the MTFS. The budget also includes the Capital Programme 2022/23 to 2026/27.

The Final Budget 2022/23 gives a Net Service Expenditure Budget of £21.5m; the detailed Final Budget 2022/23 and MTFS is shown at **Appendix 1**.

In 2022/23, the MTFS makes a £250k contribution to Reserves. The 'Plan on a Page' at **Appendix 2** reflects the final budget.

**Recommendations:**

That the Cabinet recommends to Council the approval of the:

- overall Final Budget 2022/23 and MTFS 2023/24 to 2026/27 (**Appendix 1**, this includes the Revenue Budget at Section 2 and the Capital Programme at Section 3)
- the "Plan-on-a-Page" (**Appendix 2**)

## **1. PURPOSE OF THE REPORT**

1.1 To provide Cabinet with the detail of the Final Budget and MTFS for consideration. The report sets out:

- impacts on reserves.
- level of Council Tax.
- consideration of the Resolution that will be presented to Full Council on the 23 February 2022
- risks associated with the budget and relevant sensitivity analysis.

## **2. BACKGROUND**

2.1 In respect of 2022/23, the Final Budget shows:

- a budget with net expenditure of £21.5m and a Budget Requirement of £21.8m,
- an MTFS that has a profiled decrease in the Budget Requirement to £20.0m by 2026/27.
- a Capital Programme of £23.5m for 2022/23, that reduces to £3.3m by 2026/27; with net internal funding of £5.4m and £1.4m respectively.

2.2 In respect of 2022/23, the Final Budget includes:

- savings and additional income of £1.757m.
- growth of £0.98m.
- the provisional finance settlement of £2.1m in respect of New Homes Bonus and no Revenue Support Grant.
- an estimate of £6.5m for Business Rates related income and the Collection Fund.

### 3. SUMMARY BUDGET 2022/23 AND MEDIUM-TERM FINANCIAL STRATEGY 2023/24 TO 2026/27

3.1 The 2022/23 Budget and Medium-Term Financial Strategy is shown in **Table 1**.

Table 1	Council Services Net Expenditure Budget (2022/23) and MTFs						
	2021/22		2022/23	Medium Term Financial Strategy			
	Budget	Forecast (August)	Budget	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000	£000	£000
Chief Operating Officer	4,350	4,771	4,919	4,782	4,929	5,082	5,239
Assistant Director Transformation	298	408	298	304	381	420	514
Assistant Director Corporate Resources	6,896	6,464	6,878	7,058	6,917	6,653	6,705
Head of Leisure & Health	522	515	(25)	(104)	(206)	(105)	(4)
Head of Operations	4,621	4,458	4,483	4,002	4,107	4,207	4,376
Head of 3C's ICT Shared Service	2,338	2,363	2,604	2,731	2,835	2,928	2,936
Corporate Leadership Team	619	658	1,201	710	725	739	753
Programmes Delivery Manager	71	71	73	74	76	77	79
Housing Manager	180	178	187	191	194	198	202
Planning Manager	791	1,234	896	961	1,010	1,028	1,047
<b>Net Expenditure</b>	<b>20,686</b>	<b>21,120</b>	<b>21,514</b>	<b>20,709</b>	<b>20,968</b>	<b>21,227</b>	<b>21,847</b>

Table 2	Council Funding Statement Budget (2022/23) and MTFs						
	2021/22		2022/23	Funding Streams and Council Tax Requirement			
	Budget	Forecast (August)	Budget	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000	£000	£000
<b>Net Expenditure</b>	<b>20,686</b>	<b>21,120</b>	<b>21,514</b>	<b>20,709</b>	<b>20,968</b>	<b>21,227</b>	<b>21,847</b>
Contribution to/(from) Earmarked Reserves:	-	(1,430)	-	-	-	-	-
Budget Surplus	-	-	-	-	-	-	-
General Reserves	776	973	249	(2,480)	(2,212)	(1,797)	(1,822)
<b>Budget Requirement</b>	<b>21,462</b>	<b>20,663</b>	<b>21,763</b>	<b>18,229</b>	<b>18,756</b>	<b>19,430</b>	<b>20,025</b>
Non-Domestic Rates	(6,080)	(6,080)	(6,485)	(5,595)	(5,725)	(5,855)	(5,900)
Non-Domestic Rates (Growth Pilot)	-	-	-	-	-	-	-
S31 Grant	(2,176)	(2,176)	(2,472)	(1,624)	(1,628)	(1,633)	(1,633)
Revenue Support Grant (RSG)	-	-	-	(235)	(109)	(115)	(115)
Fair Funding Review Adjustment	82	-	-	-	-	-	-
New Homes Bonus	(2,014)	(2,014)	(2,116)	-	-	-	-
Collection Fund (Surplus) / Deficit	(296)	(296)	104	-	-	-	-
Council Tax Support Funding	(189)	-	(126)	(126)	(126)	(126)	(126)
22/23 Service Grant	-	-	(316)	-	-	-	-
HB Admin Support Grant	-	-	(370)	(370)	(370)	(370)	(370)
Income Compensation Scheme (Q1)	(595)	(595)	-	-	-	-	-
Covid 19 Funding (tranche 5)	(758)	-	-	-	-	-	-
Rural Services Grant	-	-	(45)	(45)	(45)	(45)	(45)
Local Tier Service Grant	(195)	(261)	(206)	-	-	-	-
<b>Council Tax Requirement</b>	<b>9,241</b>	<b>9,241</b>	<b>9,731</b>	<b>10,234</b>	<b>10,753</b>	<b>11,286</b>	<b>11,836</b>
- Base (*)	63,355	63,355	64,501	65,662	66,844	68,047	69,272
- Per Band D (£)	145.86	145.86	150.86	155.86	160.86	165.86	170.86
- Increase (£)	-	-	5.00	5.00	5.00	5.00	5.00
- Increase %	-	-	3.43%	3.31%	3.21%	3.11%	3.01%

#### Impact on Reserves

3.2 Surpluses (or deficits) in funding are adjusted via contributions to or from reserves. In the Council's Funding Statement (**Table 2**) this is shown against the line entitled "General Reserves". In 2022/23 budget there is a budgeted surplus of £0.249m. However, from 2022/23 to the end of the MTFs period there is a budget gap. Due the impact of the Covid 19 pandemic on the Council's finances, the NHB receipts from 2021/22 have been allocated to the General Fund consistent with last year.

3.3 Over the MTFs period the budget gap by 2026/27 is £1.8m.

3.4 As shown in **Table 3** below, the funding gap from 2022/23 can be met from the Budget Surplus Reserve whilst at the same time ensuring that the General Fund Reserve stays at the Councils agreed minimum level of reserves; £2.715m. It is fair to conclude that the Councils budget is balanced over the medium term; however, it should be noted that if the Council chooses to use reserves to meet a budget gap this must be viewed as short term bridging finance, whereas if reserves were used to invest in the local community or to acquire assets or invest in opportunities that would either generate income or reduce expenditure this would be a medium to long term investment.

GENERAL RESERVES MOVEMENT							
Table 3	Reserves and MTFs						
	2021/22		2022/23	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>BUDGET SURPLUS RESERVE</b>							
<b>b/f</b>	3,031	3,250	4,223	4,472	1,992	-	-
Contribution from (to) General Fund	776	973	249	(2,480)	(2,212)	(1,797)	(1,822)
Contribution from (to) CIS Reserve			-	-	220	1,797	1,822
Contribution from (to) Earmarked Reserves	(58)						
<b>c/f</b>	<b>3,749</b>	<b>4,223</b>	<b>4,472</b>	<b>1,992</b>	<b>-</b>	<b>-</b>	<b>-</b>

COMMERCIAL INVESTMENT RESERVE							
<b>b/f</b>	3,536	5,595	5,399	5,399	5,399	5,179	3,382
Contribution to Reserve (former NHB)		-	-	-	-	-	-
Contribution from Reserve	(38)	(196)	-	-	-	-	-
Contribution from (to) General Fund	-	-	-	-	-	-	-
Contribution from (to) Budget Surplus Reserve	-	-	-	-	(220)	(1,797)	(1,822)
<b>c/f</b>	<b>3,498</b>	<b>5,399</b>	<b>5,399</b>	<b>5,399</b>	<b>5,179</b>	<b>3,382</b>	<b>1,559</b>

GENERAL FUND (Unallocated) RESERVE							
<b>b/f</b>	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Contribution to/(from) Reserve	776	973	249	(2,480)	(2,212)	(1,797)	(1,822)
Contribution from(to) Budget Surplus	(776)	(973)	(249)	2,480	2,212	1,797	1,822
<b>c/f</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>
Net Expenditure	20,686	21,120	21,514	20,709	20,968	21,227	21,847
<b>Minimum Level of Reserves</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>	<b>2,175</b>

#### 4. PLAN-ON-A-PAGE 2022/23 TO 2026/27

4.1 Since 2015/16 the Council has adopted a strategy known as 'Plan on a Page' which sets out the Council's financial strategy. **Section 3** has shown that the Council continues to face challenges over the medium term in its obligations to provide cost-effective services. **Appendix 2** shows the 2022/23 "Plan-on-a-Page" and the strategic resource plan that will be followed in order to achieve the Council's financial objectives. The savings required (budget gap) has increased to £1.8m by the end of the MTFs (2025/26) – an increase of £1.6m when compared to last years "Plan on a Page". **Table 4** below gives a summary of the budget changes.

Table 4		Budget Changes that have reduced the "Plan on a Page"	
		Forecast Savings required	
		£m	£m
<b>2021/22 Budget and MTFS - Forecast Savings Required</b>			0.200
<b>Income Generation</b>	Council Tax & Base	(0.200)	
	Commercialisation	0.000	
	Funding Changes	0.200	0.000
<b>Efficiencies &amp; Growth</b>	Budget Review	0.700	
	Service Growth	0.900	
	Transformation Savings	0.000	1.600
<b>2022/23 Budget and MTFS - Forecast Savings Required</b>			1.800

## 5. ROBUSTNESS OF THE 2022/23 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2023/24 TO 2026/27

5.1 The Council's Responsible Financial Officer (S.151) has to make a statutory statement in respect of the Budget and reserves.

5.2 Section 8 of **Appendix 1** provides narrative in respect of risks that both the council and the wider local government community face at this time of continued public sector austerity. In addition, sensitivity analysis is applied against these risks and their impact on General Fund reserves is assessed. In summary, the key findings are:

- i. In 2022/23 an excess budget requirement is achieved which makes a direct contribution to Reserves of £0.249m.
- ii. If the Council was to utilise only the General Fund and Budget Surplus Reserves, based on the assumptions in the current MTFS, the Council would be able to maintain a minimum level of General Fund (Unallocated) Reserves.
- iii. Over the 5 years of the MTFS (next year and the subsequent four years) the total net contribution from reserves is £8.1m.

5.3 Considering all the factors noted within the "Robustness" statement in respect of the 2022/23 Budget, it is considered that the combination of the council's:

- commitment to continue to find service efficiencies,
- intended direction of travel in relation to governance,
- clear indication to invest in services,
- prudent position relating to income recognition (including raising Council Tax), and

.....the budget proposed for 2021/22 should not give Members any significant concerns over the Council's financial position.

5.4 With regard to the period covered by the MTFS; the Council does face some future funding risk with the:

- expected reduction in NHB,
- the implications of Fair Funding and
- the ongoing issues pertaining to the localisation of Business Rates.

However, over the past few years the Council has taken proactive action to address its budgetary concerns and with the planned continuation find efficiencies the Council has a sound financial base upon which it can further develop its aim of financial self-sufficiency.

## **6. COMMENTS OF OVERVIEW & SCRUTINY**

- 6.1 The comments of the relevant Overview and Scrutiny Panel will be sent following the meeting of the Panel and prior to the reports consideration by the Cabinet.

## **7. KEY IMPACTS / RISKS**

- 7.1 The setting of the budget and the Council Tax will directly impact on how Council services are to be delivered to both the residents and businesses of Huntingdonshire. Consequently the delivery of the 2022/23 budget, when approved, will be proactively managed via the Council's budgetary monitoring processes throughout the year. In addition to the budget itself, it is essential that the Council maintains adequate reserves to ensure that it has an effective safety net to meet unforeseen risks.

## **8. TIMETABLE FOR IMPLEMENTATION**

- 8.1 The 2022/23 budget forms an integral part of the service planning process for 2022/23 and therefore actions and timescales required to ensure savings are achieved and service spending is in line with the approved budget will be contained within the final service plans.

## **9. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES**

- 9.1 The budget is the financial interpretation of the Councils strategic and operational priorities that are included within the entire Corporate Plan. However, the budget process itself meets the following specific aims and objectives of the Corporate Plan:

- Becoming a more efficient and effective Council.

- 9.2 This will assist the Council to:

- Become more efficient in the way we deliver services providing value for money services.

## **10. LEGAL IMPLICATIONS**

- 10.1 As per the Sections 31A and 42A of the Local Government Finance Act 1992, the Council is required to set a balanced budget. This is achieved for 2022/23 so the setting of the Council Tax at the level mentioned within the report is appropriate.

## **11. RESOURCE IMPLICATIONS**

- 11.1 The resource implications have been shown within the main body of this report.

## **12. OTHER IMPLICATIONS**

12.1 All implications are contained within the body of the report.

## **13. REASONS FOR THE RECOMMENDED DECISIONS**

- 13.1 To enable Cabinet to approve and understand:
- the 2022/23 Budget and MTFS
  - The risks and impacts included within 2022/23 Budget and MTFS.

## **14. LIST OF APPENDICES INCLUDED**

**Appendix 1:** 2022/23 Final Budget & Medium Term Financial Strategy  
2023/24 to 2026/27.

**Appendix 2:** Plan on a Page.

## **BACKGROUND PAPERS**

Working papers in Resources; Accountancy Services

## **CONTACT OFFICER**

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