

MEDIUM TERM FINANCIAL PLAN - SUMMARY

2022/23 to 2026/27

January 2022

REVENUE BUDGET 2021/22 & 2022/23

REVENUE BUDGET 2020/21	Approved Budget 2020/21 £m	Recommended Budget 2022/23 £m
ORGANISATION		
Communications & Customer Service	1.101	1.086
Finance	1.327	1.327
IT	1.767	1.767
Legal & Governance	2.204	2.243
Organisational Development & HR	0.786	0.786
Corporate Policy, Projects & Performance (incl. environmental sustainability)	0.432	0.432
Property Services	(1.352)	(1.232)
PLACE		
Economic Prosperity	0.354	0.274
Neighbourhood Services	3.657	4.997
Place Delivery	0.355	0.355
Planning	0.728	0.653
PEOPLE		
Community Partnerships	1.447	1.197
Housing	0.999	0.999
Revenues, Benefits & Fraud	0.628	0.718
Leisure & Culture	0.608	0.484
SENIOR MANAGEMENT TEAM	1.199	0.939
SERVICE BUDGETS TOTAL	16.240	17.025
Central Budgets	1.155	2.955
NET EXPENDITURE 2020/21	17.395	19.980
Council Tax	14.365	15.222
National Non-Domestic Rates	1.819	1.710
Other Un-ringfenced grants	0.734	1.271
Grants transferred to Reserves	0.668 (0.668)	0.668 (0.668)
Call on Earmarked Reserves ¹	0.242	1.565
Use of funds from the General Fund Balance to support the 2021/22 revenue Budget ¹	0.235	0.212
NET SOURCES OF INCOME 2020/21	17.395	19.980
BUDGET GAP	Nil	Nil

NOTE 1: The actual sum to be drawn from Reserves to support the budget will depend on the budget outturn position for the year.

MEDIUM TERM REVENUE BUDGET FORECAST 2022/23 to 2026/27

MEDIUM TERM REVENUE BUDGET FORECAST	Approved Budget 2020/21 £m	Cumulative Impact 2022/23 £m	Cumulative Impact 2023/24 £m	Cumulative Impact 2024/25 £m	Cumulative Impact 2025/26 £m	Cumulative Impact 2026/27 £m
2021/22 Budget Requirement	17.395					
Service Budgets – Pay & NI Increase		1.050	1.850	2.650	3.450	4.250
Service Budgets – net service growth / savings 2022/23		(0.315)	(0.315)	(0.315)	(0.315)	(0.315)
Post-pandemic income reductions - parking		1.100	1.100	1.100	1.100	1.100
Net new sources of Income – Planned Developments		-	(0.100)	(0.400)	(0.500)	(0.500)
Central Budgets - Treasury Management – net borrowing costs		0.400	0.600	0.750	1.000	1.250
Central Budgets – Employer Pension Costs		0.350	0.350	0.350	0.350	0.350
Council Tax						
£5 per Band D equivalent plus impact of forecast taxbase		(0.857)	(0.976)	(1.506)	(1.896)	(2.216)
Business Rates		0.109	(0.241)	(0.871)	(0.931)	(1.161)
Negative RSG Grant		-	-	0.740	0.980	1.230
Grants and Reserves						
Net call on Grants and Reserves		(1.837)	0.135	0.135	0.135	0.135
Forecast Gap at November 2021 Compared to 2021/22 Budget¹	-	nil	2.403	2.633	3.373	4.123
Annual Increase in Gap		nil	2.403	0.230	0.740	0.750
Gap as % of 2020/21 budget requirement		n/a	13.8%	15.1%	19.4%	23.7%

EXTRACT: STRATEGIC RISK REGISTER STRATEGIC FINANCIAL RISKS

SR2	Financial sustainability	RED
Description	<p>In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty.</p> <p>The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes.</p> <p>If this substantial financial burden is not mitigated through direct Government support, then these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions. The delivery of corporate plan objectives will similarly be jeopardised if the Council is unable to secure additional income streams.</p> <p>The ongoing financial settlement with the Government also remains uncertain.</p> <p>The Council is therefore increasingly reliant on income derived, and to be derived and generated, from investments, fees and charges and commercial activities – the ability to do so, however, may be further restricted by changes in legislation, regulations and codes of practice. Commercial activity and investments are similarly not without risk.</p>	
Owner	Portfolio Holder	Cllr Schofield
	Officers	Pat Main
Controls	<p>The Council will continue to ensure that strong financial management arrangements are in place and will continue to invest in skills and expertise to support the delivery of the Council's financial and commercial objectives while managing risks.</p> <p>An up-to-date Medium Term Financial Plan and Capital Investment Strategy. The MTFP sets out the forecast budget challenges over the coming five years and forms the basis for service and financial planning, while the Capital Investment Strategy provides an overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of council services and how associated risk is managed.</p> <p>A Treasury Management Strategy (approved in April 2021) that helps ensure that investments achieve target returns within approved security and liquidity limits and that borrowing to fund the Capital Programme is affordable.</p> <p>Creation and implementation a Commercial Strategy.</p>	
Mitigating actions/progress	<p>The COVID-19 pandemic resulted in material new financial risks, both in the previous and current financial years and over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority's response and budgeted sources of income have been impacted. Nevertheless, after taking account of additional expenditure,</p>	

SR2		Financial sustainability	RED	
		<p>income shortfalls, and government funding, the overall budget outturn for 2020/21 was a net underspend for the Council, with reserves remaining healthy.</p> <p>The main area of concern remains the failure of income receipts to return to pre-COVID levels, particularly in relation to parking fees. There is also a risk that increased costs for goods, materials and labour, coupled with supply chain disruption, may impact on our ability to deliver and thereby secure income from development projects.</p> <p>The specific outcomes of the Government's planned Fair Funding Review and Business Rates Reset continue to remain unknown; however, they are expected to result in significantly reduced funding.</p> <p>The Council's updated Medium-Term Financial Plan, approved by the Executive in July 2021, sets out the forecast budget challenge over the coming five years and will form the basis for service and financial planning for 2022/23 onwards. Preparations for budget setting for 2022/23 are now in progress and draft budget proposals will be published for scrutiny in November 2021.</p> <p>The Council's Capital Investment Strategy was approved by the Executive in July 2021. Capital Programme proposals for 2022/23 onwards are now in progress and will be reported in November 2021.</p> <p>The Council adopted Part 1 of its Commercial Strategy during 2020/21 demonstrating the continued importance of: (i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward new income generating projects. As of Q2 2021/22, work is underway on Part 2 of the Strategy which will provide more detail about the implementation of commercial activity, particularly in investment activity and how associated risks will be managed and mitigated.</p>		
Score	Likelihood	More than likely	Direction of travel	-
	Impact	Significant		
Status		Treat		
Last update		12 October 2021		