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| <b>REPORT TO:</b>              | <b>FINANCE AND MANAGEMENT COMMITTEE</b>  | <b>AGENDA ITEM: 7</b>                       |
| <b>DATE OF MEETING:</b>        | <b>09 FEBRUARY 2023</b>  | <b>CATEGORY: RECOMMENDED</b>                |
| <b>REPORT FROM:</b>            | <b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>  | <b>OPEN</b>                                 |
| <b>MEMBERS' CONTACT POINT:</b> | <b>CHARLOTTE JACKSON</b><br><a href="mailto:Charlotte.jackson@southderbyshire.gov.uk">Charlotte.jackson@southderbyshire.gov.uk</a> | <b>DOC:</b> S/Finance/Committee/2022-23/Feb |
| <b>SUBJECT:</b>                | <b>GENERAL FUND CONSOLIDATED BUDGET REPORT 2023/24 AND MEDIUM-TERM FINANCIAL PLAN TO 2027/28</b>                                   |   |
| <b>WARD(S) AFFECTED:</b>       | <b>ALL</b>   | <b>TERMS OF REFERENCE: FM 08</b>            |

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## **1.0 Recommendations**

- 1.1 That the estimates of revenue income and expenditure on the General Fund for 2023/24 are considered and approved.
- 1.2 That consideration is given to a level of increase on grants to voluntary bodies and Parish Councils for concurrent functions.
- 1.3 That consideration is given to the rate of Council Tax for 2023/24.
- 1.4 That the updated five-year financial projection for the General Fund to 2027/28 as detailed in **Appendix 2**, and all the associated assumptions and risks as included in the report, is approved.
- 1.5 That the Council's National Non-Domestic Rates return (NNDR1) for 2023/24 showing retained business rates is reported to Finance and Management Committee on 16<sup>th</sup> March 2023.

## **2.0 Purpose of the Report**

- 2.1 To detail the Council's financial position following a full review of current income and expenditure plus confirmation of the Local Government Financial Settlement for 2023/24.
- 2.2 The report is divided into four sections as follows:
  - The Council's financial position including the update to the Medium-Term Financial Plan (MFTP) to 2027/28
  - Detail of the Local Government Financial Settlement for 2023/24
  - Proposed base budget and consolidated expenditure for 2023/24
  - Financial risk analysis

## Appendices

- Appendix 1 – Council Tax Setting
- Appendix 2 – General Fund MTFP to 2027/28
- Appendix 3 – Proposed base budgets for Policy Committees

### 3.0 The Council's Financial Position

3.1 The MTFP was considered and approved by the Committee in November 2022, and this set out the forecasted revenue income and expenditure budget for the period 2022/23 to 2027/28. At this stage, the proposed budget for 2023/24 had not been finalised and detail on the Financial Settlement was unknown. The following table summarises the balances predicted on the General Reserve at that time.

#### MTFP November 2022

|                          | 2022.23<br>£ | 2023.24<br>£ | 2024.25<br>£ | 2025.26<br>£ | 2026.27<br>£ | 2027.28<br>£ |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| TOTAL PROJECTED SPENDING | 15,278,636   | 15,813,951   | 16,021,669   | 16,684,150   | 17,142,815   | 17,694,840   |
| TOTAL FINANCING          | -13,791,424  | -13,514,151  | -13,490,692  | -13,572,453  | -13,879,592  | -14,195,973  |
| CAPITAL CONTRIBUTIONS    | 830,388      | 516,000      | 515,000      | 521,500      | 528,000      | 521,500      |
| DEFICIT FOR THE YEAR     | 2,317,601    | 2,815,800    | 3,045,977    | 3,633,197    | 3,791,222    | 4,020,367    |
| RESERVE BALANCE C/FWD    | -12,159,399  | -9,343,599   | -6,297,622   | -2,664,425   | 1,126,797    | 5,147,164    |

3.2 At this stage, it had been assumed that expenditure would increase in line with inflation and that income would reduce due to changes to Government funding decisions. The projected balance at the end of 2027/28 was expected to be significantly below the minimum balance of £1.5m with the Council having no reserves to call on during 2026/27.

3.3 The main issue presented within the MTFP in November 2022 was the increasingly high deficit levels projected over the life of the plan. These deficits increased further due to the provision for a pay award in 2022/23 which had initially been provided for at 2.5%. The pay award was a flat £1,925 per employee which regionally equated to an average of 4.04%. Due to our diverse staffing levels this equated to 7.74% of the overall salary budget costing £774k. Over the life of the plan a provision has been included in 2024/25 at 3.5% and thereafter 2.5%, costing an additional £2.4m.

3.4 Although the balance in the General Reserve can be utilised to fund the projected deficits over the next few years, this is not a sustainable solution in the longer-term.

3.5 After the release of the Local Government Financial Settlement in December 2022 plus the finalised proposed revenue budget, an update to the MTFP has been completed and is attached at **Appendix 2**. A summary of the projected balances on the General Reserve are shown in the following table.

#### MTFP February 2023

|                          | 2022.23<br>£ | 2023.24<br>£ | 2024.25<br>£ | 2025.26<br>£ | 2026.27<br>£ | 2027.28<br>£ |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| TOTAL PROJECTED SPENDING | 15,219,326   | 15,973,617   | 16,387,594   | 17,012,221   | 17,465,832   | 18,125,485   |
| TOTAL FINANCING          | -13,791,424  | -14,094,373  | -13,695,167  | -13,780,262  | -14,125,787  | -14,482,021  |
| CAPITAL CONTRIBUTIONS    | 830,388      | 516,000      | 515,000      | 521,500      | 528,000      | 521,500      |
| DEFICIT FOR THE YEAR     | 2,258,291    | 2,395,243    | 3,207,427    | 3,753,459    | 3,868,045    | 4,164,964    |

|                       |                    |                   |                   |                   |           |           |
|-----------------------|--------------------|-------------------|-------------------|-------------------|-----------|-----------|
| RESERVE BALANCE C/FWD | <b>-12,218,709</b> | <b>-9,823,466</b> | <b>-6,616,039</b> | <b>-2,862,580</b> | 1,005,465 | 5,170,429 |
|-----------------------|--------------------|-------------------|-------------------|-------------------|-----------|-----------|

3.6 The General Fund balance has improved marginally due to an increase to projected funding as detailed in the following tables.

|                                      | 2022.23            | 2023.24            | 2024.25            | 2025.26            | 2026.27            | 2027.28            |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>FINANCING November 2022</b>       | £                  | £                  | £                  | £                  | £                  | £                  |
| Business Rates Retention             | -3,795,025         | -3,795,025         | -3,795,025         | -3,795,025         | -3,795,025         | -3,795,025         |
| Services Grant Allocation            | -173,984           | 0                  | 0                  | 0                  | 0                  | 0                  |
| Lower Tier Services Grant Allocation | -291,393           | -3,045,089         | -2,740,580         | -2,524,205         | -2,524,205         | -2,524,205         |
| New Homes Bonus                      | -3,018,486         | 0                  | 0                  | 0                  | 0                  | 0                  |
| Council Tax Income                   | -6,346,143         | -6,619,037         | -6,900,088         | -7,198,224         | -7,505,363         | -7,821,743         |
| <b>Core Spending Power</b>           | <b>-13,625,031</b> | <b>-13,459,151</b> | <b>-13,435,692</b> | <b>-13,517,453</b> | <b>-13,824,592</b> | <b>-14,140,973</b> |

|                                      | 2022.23            | 2023.24            | 2024.25            | 2025.26            | 2026.27            | 2027.28            |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>FINANCING February 2023</b>       | £                  | £                  | £                  | £                  | £                  | £                  |
| Business Rates Retention             | -3,795,025         | -4,000,000         | -4,000,000         | -3,750,000         | -3,750,000         | -3,750,000         |
| Services Grant Allocation            | -173,984           | -100,000           | 0                  | 0                  | 0                  | 0                  |
| Lower Tier Services Grant Allocation | -291,393           | 0                  | -2,700,000         | -2,700,000         | -2,700,000         | -2,700,000         |
| New Homes Bonus                      | -3,018,486         | -1,500,000         | 0                  | 0                  | 0                  | 0                  |
| Funding Guarantee                    | 0                  | -1,800,000         | 0                  | 0                  | 0                  | 0                  |
| Council Tax Income                   | -6,346,143         | -6,639,373         | -6,940,167         | -7,275,262         | -7,620,787         | -7,977,021         |
| <b>Core Spending Power</b>           | <b>-13,625,031</b> | <b>-14,039,373</b> | <b>-13,640,167</b> | <b>-13,725,262</b> | <b>-14,070,787</b> | <b>-14,427,021</b> |

3.7 Funding within the plan assumes an increase of 1.95% per annum on Council Tax, Business Rates has been increased to reflect current growth and the confirmed Governments freeze on the business rates multiplier. The plan assumes that after baseline rates have been reset (which is expected in 2025/26) the income will reduce back to previous levels. This is because previous growth will be reflected in the revised baseline and be subject to the redistribution system.

3.8 It is also assumed that Government funding will reduce to the Council's Settlement Funding Assessment (SFA) of £2.7m as determined as part of the Settlement in December 2022.

3.9 As noted above, Council Tax is assumed to increase by 1.95% over the life of the plan. The level of Council Tax is higher in 2023/24 than originally forecast in the November MTFP due to higher growth in new properties compared to the previous forecast. The impact of higher growth is detailed below.

|                               | 2023.24        | 2024.25        | 2025.26        | 2026.27         | 2027.28         |
|-------------------------------|----------------|----------------|----------------|-----------------|-----------------|
|                               | £              | £              | £              | £               | £               |
| Forecast November 2022        | -6,619,037     | -6,900,088     | -7,198,224     | -7,505,363      | -7,821,743      |
| Amended Forecast January 2023 | -6,639,373     | -6,940,167     | -7,275,262     | -7,620,787      | -7,977,021      |
| <b>Revenue Increase</b>       | <b>-20,336</b> | <b>-40,079</b> | <b>-77,038</b> | <b>-115,424</b> | <b>-155,278</b> |

3.10 The Council Tax Base as approved at the Committee in January was an increase of 961 equivalent Band D properties. The forecast in the MTFP included an increase of 846 properties.

3.11 The forecasted growth of the Tax Base was updated at the Budget round in 2022/23 to a lower number due to the assumed impact of the economic downturn. The Tax Base is taken as at October 2022 and due to the significant growth between years, it

is proposed to increase the projected growth in future years. The revised forecasted growth is detailed in the following table.

|                          | 2022.23  | 2023.24    | 2024.25    | 2025.26    | 2026.27    | 2027.28    |
|--------------------------|----------|------------|------------|------------|------------|------------|
| Band D - Nov 2022        | 1484     | 846        | 846        | 893        | 893        | 893        |
| Band D - Jan 2023        | 1484     | 961        | 953        | 1,090      | 1,090      | 1,090      |
| <b>Tax Base Movement</b> | <b>0</b> | <b>115</b> | <b>107</b> | <b>197</b> | <b>197</b> | <b>197</b> |

3.12 Overall, the impact of the increase in the Tax Base results in an increase of income from Council Tax of approximately £408k over the MTFP to 2027/28 (as shown in 3.6 and 3.8 above).

### Council Tax Setting

3.13 The Council can increase the Council Tax by up to £5 per Band D or 2%, whichever is the higher. It is also however able to opt for a lower increase or freeze the Council Tax.

3.14 There are a number of tables listed in Appendix 1 that give further detail of the impact to the General Fund balance should the Council decide to increase the Council Tax by anything outside of the 1.95% included within the MTFP.

3.15 In summary, if the Council was to increase the Council Tax by £5 per Band D in 2023/24, it would certainly ensure a stronger position into 2025/26 and reduce the deficit in 2026/27. The balance would sit at approximately £744,663 a decrease in deficit of £260,802.

3.16 A 1.95% increase already leaves the Council at below its minimum balance of £1m by 2026/27 and opting for anything lower than a 1.95% increase will ensure that savings measures (without any other funding changes) will need to be implemented sooner for the Council to remain in a sustainable financial position into the future.

3.17 A summary of the approximate income loss and balance for a range of increase options is listed below.

|                      | Income<br>(Gain) / Loss<br>£ | Balance<br>2026/27<br>£ | Income<br>(Gain) / Loss<br>£ | Balance<br>2027/28<br>£ |
|----------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| £5 or 2.89% Increase | -260,802                     | 744,663                 | -332,820                     | 4,837,609               |
| 3.00% Increase       | -290,803                     | 714,662                 | -371,105                     | 4,799,324               |
| 2.00% Increase       | -13,848                      | 991,617                 | -17,672                      | 5,152,757               |
| 1.75% Increase       | 55,391                       | 1,060,856               | 70,687                       | 5,241,116               |
| 1.50% Increase       | 124,630                      | 1,130,095               | 159,045                      | 5,329,474               |
| 1.00% Increase       | 263,107                      | 1,268,572               | 335,762                      | 5,506,191               |
| 0.75% Increase       | 332,346                      | 1,337,811               | 424,120                      | 5,594,549               |
| 0.50% Increase       | 401,585                      | 1,407,050               | 512,478                      | 5,682,907               |
| 0.25% Increase       | 470,824                      | 1,476,289               | 600,837                      | 5,771,266               |
| Council Tax Freeze   | 540,062                      | 1,545,527               | 689,195                      | 5,859,624               |

## 4.0 Detail of the Local Government Financial Settlement

- 4.1 The Provisional Local Government Financial Settlement was released on 19 December 2022 and was a one-year settlement awaiting the outcome of the Fair Funding Review which has now been delayed until 2025/26 at the earliest.
- 4.2 The New Homes Bonus allocation was not forecasted as it was assumed it would no longer be received as part of the Settlement going forwards. The allocation of £1.5m in 2023/24 was not included within the forecast. No further payments of New Homes Bonus are forecast.
- 4.3 It was also assumed that the new Lower Tier Services Grant (announced as part of the Settlement for 2022/23) would support losses of New Homes Bonus legacy payments. This has been removed and replaced by a one-off Funding Guarantee payment of £1.8m. This payment is to ensure that all authorities see at least a 3% increase in the Core Spending Power before any decisions around organisational efficiencies and Council Tax increases.
- 4.4 The New Homes Bonus and the Funding Guarantee payments increase the Councils funding allocation in 2023/24 by £254,911. In addition to the above funding streams, a one-off allocation of £100,000 entitled 'Services Grant' has also been allocated to the Council. This will not however be included as part of the transitional arrangements once the Funding Reviews are complete. Although the Council has received additional funding compared to that projected in the MTFP, it has still received approximately £100,000 less in cash terms between 2022/23 and 2023/24.
- 4.5 After considering all of the above, the Council has received increased funding in 2023/24 to assist Local Authorities during the current economical climate. Funding for 2024/25 is forecasted to reduce to the minimum Settlement Funding Assessment (SFA). The confirmation of the rise in the SFA has been updated in the MTFP compared to November 2022.
- 4.6 The basis for the funding as set out in the MTFP assumes that no further New Homes Bonus will be received.
- 4.7 The Council's SFA is set at £2.7m, increases by RPI each year and was only supposed to be in place until 2020 but due to the delay on the funding reviews, this appears to have been pushed to at least 2024.
- 4.8 In the intervening years, the Council has been receiving larger allocations above its SFA due to extra New Homes Bonus and Business Rates growth, both of which are under pressure in the current Fair Funding reviews.

### **Business Rates**

- 4.9 The Council has always received more through Business Rates than the SFA because it has outperformed its Baseline. The Fair Funding Review has indicated that baselines could be reset to reflect this and therefore it would be safe to assume that the Council is unlikely to receive a greater balance of funding from the Government. Business Rates could be complicated further if the proposal to increase Business Rates retention at a local level, to 75% from 40% is put in place.
- 4.10 Business Rates has been assumed to remain the same over the life of the plan after being updated in 2023/24 for the NNDR1 return. It would not be prudent to assume

that 75% retention will go ahead as this increase would probably mean a funding reduction elsewhere or additional expenditure responsibilities.

- 4.11 The multiplier for Business Rates has been frozen until 2025/26 therefore no increase to the baseline is anticipated across the country. The Council will receive additional funding through S31 grants for the loss of income due to the multiplier freeze which is incorporated within the Business Rates figure in the MTFP for 2023/24.

## **5.0 Proposed Base Budget and Consolidated Expenditure 2022/23**

- 5.1 All Policy Committees have considered their revenue income and expenditure budgets at meetings in early January and no specific issues or challenges were raised with proposed budgets generally in line with the MTFP.
- 5.2 Detail of the individual base budgets for the Policy Committees is attached in **Appendix 3**.

### **Basis of the Budget**

- 5.3 Budgets are generally calculated on a “no increase basis,” i.e., they are maintained at the same level as the previous year adjusted only for known changes, price increases, inflation and variations due to contractual conditions, etc.
- 5.4 In addition, budgets are also subject to a base line review which is used to justify proposed spending. This process places responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner. This is supported by the Financial Services Unit, who analyse recent trends across services compared to current budgets.

### **On-going Service Provision**

- 5.5 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 5.6 The full year effects of previous year’s restructures and budget savings have been included, with any non-recurring items removed.

### **Changes in Pay**

- 5.7 A pay award is not included within the Base Budget at this stage as no official notification has been agreed and submitted to the Council.
- 5.8 The MTFP was updated in November 2022 to include a pay award for 2022/23 and also includes a provision for a potential pay award increase of 3.5% for all employees from 2023/24 reducing to 2.5% thereafter.

### **Inflation**

- 5.9 The base budget for 2023/24 has been uplifted by inflation where this applies, for example contract obligations.

- 5.10 Some base costs will be subject to inflation during future years and in some cases, it will be unavoidable, for example employee costs, when national pay increases are approved.
- 5.11 Allowances for inflation based on various assumptions regarding price increases, etc. are calculated across the main spending heads at an average of 8.8%. Average increases in inflation are peaking to over 10% currently although this is deemed to be an anomaly in the market. It is expected that inflation will average around 8.4 during 2022/23.

### Parish Concurrent Functions and Grants to Voluntary Bodies

- 5.12 As part of the budget approval process, Policy Committees are asked to consider and recommend increases to Parishes for concurrent functions and grants to voluntary bodies.
- 5.13 Housing and Community Services and Finance and Management Committees both recommended an increase of 2% in line with 2023/24.
- 5.14 The increase to the base budget of these proposals is approximately £11k and is included within the MTFP.

### Proposed Base Budgets 2022/23

- 5.15 A summary of the proposed base budgets and movements between 2022/23 and 2023/24 is included in the following table.

#### COMMITTEE SUMMARY - BUDGET SETTING 2023/24

##### Summary by Policy Committee

|  | Proposed Budget<br>2023/24<br>£ | Approved Budget<br>22/23<br>£ | Variance<br>£  |
|--|---------------------------------|-------------------------------|----------------|
| Environmental and Development Services | 6,789,905                       | 6,650,033                     | 139,873        |
| Housing and Community Services         | 2,955,287                       | 2,896,359                     | 58,928         |
| Finance and Management                 | 6,429,329                       | 6,512,411                     | -83,081        |
| <b>Net Service Expenditure</b>         | <b>16,174,521</b>               | <b>16,058,802</b>             | <b>115,719</b> |

- 5.16 The budget between years has increased by £115,719 although this includes depreciation which is an accounting adjustment and does not need considering by the Committee. A large proportion of the increases were expected and included in the MTFP in November. Detail of the proposed changes are listed below.

|                                     | EDS<br>£'000 | HCS<br>£'000 | F&M<br>£'000 | Total<br>£'000 |
|-------------------------------------|--------------|--------------|--------------|----------------|
| Employee Costs                      | 242          | 71           | 223          | 536            |
| Fuel - Diesel, Oil, Petrol          | 130          | 12           | 0            | 141            |
| District Election                   | 0            | 0            | 125          | 125            |
| Subscriptions and Professional Fees | 15           | 11           | 66           | 91             |
| Waste Management                    | 69           | 0            | 0            | 69             |
| Computer Maintenance                | 11           | 9            | 39           | 60             |
| Utilities                           | 4            | 21           | 22           | 47             |

|  |            |           |             |             |
|--|------------|-----------|-------------|-------------|
| Internet Services                        | 0          | 0         | 24          | <b>24</b>   |
| Printing, Postage, Books and Stationery  | 0          | 0         | 24          | <b>24</b>   |
| Housing Benefit                          | 0          | 0         | 14          | <b>14</b>   |
| Business Rates                           | 0          | 0         | 13          | <b>13</b>   |
| Training                                 | 2          | 1         | 7           | <b>11</b>   |
| Cleaning and Laundry                     | 0          | 11        | 0           | <b>11</b>   |
| Licensing Income                         | 10         | 0         | 0           | <b>10</b>   |
| Concessionary Fairs                      | 0          | 0         | 10          | <b>10</b>   |
| Transport Costs - Road Fund Licence, MOT | 7          | 0         | 0           | <b>7</b>    |
| Events Hire                              | 0          | 10        | 0           | <b>10</b>   |
| Medical Fees                             | 0          | 0         | 7           | <b>7</b>    |
| Third Party Payments                     | 0          | 6         | 0           | <b>6</b>    |
| Agency                                   | 6          | 0         | 0           | <b>6</b>    |
| Grounds Maintenance (Cemeteries)         | 0          | 5         | 0           | <b>5</b>    |
| Car Mileage                              | 0          | 0         | 4           | <b>4</b>    |
| Bank Charges                             | 0          | 0         | 4           | <b>4</b>    |
| Purchase of Equipment                    | 2          | 2         | 0           | <b>4</b>    |
| Earmarked Reserves                       | -164       | -98       | -114        | <b>-376</b> |
| Income Generation                        | -180       | -33       | 0           | <b>-214</b> |
| Pension Contributions                    | 0          | 0         | -135        | <b>-135</b> |
| Interest                                 | 0          | 0         | -144        | <b>-144</b> |
| HRA Recharge                             | -22        | 0         | -94         | <b>-116</b> |
| Insurance                                | -32        | -7        | -31         | <b>-70</b>  |
| Housing Programme Manager Recharge       | 0          | 0         | -51         | <b>-51</b>  |
| Benefit Processing Fees                  | 0          | 0         | -40         | <b>-40</b>  |
| Computer Licenses                        | 0          | 0         | -33         | <b>-33</b>  |
| Telephone Costs                          | 0          | 0         | -22         | <b>-22</b>  |
| Commercial Property Income               | 0          | 0         | -12         | <b>-12</b>  |
| Members Allowances                       | 0          | 0         | -7          | <b>-7</b>   |
| <b>Sub Total</b>                         | <b>99</b>  | <b>20</b> | <b>-100</b> | <b>20</b>   |
| Depreciation                             | 40         | 39        | 17          | <b>96</b>   |
| <b>Base Budget Increase</b>              | <b>139</b> | <b>59</b> | <b>-83</b>  | <b>116</b>  |

5.17 As noted previously, depreciation is an accounting adjustment totalling £96k. The actual base budget increase is £20k and a summary of the main movements are detailed in the following paragraphs.

### Employee Costs

5.18 There has been a large increase in Environmental and Development Services due mainly to the temporary posts recruited into the Planning team. These additional costs have however been offset by earmarked reserve drawdowns.

5.19 Posts that are reserve funded have been added to the base budgets in Housing and Community and Finance and Management, the large increase in Finance and Management is due to the Customer Services Restructure approved in August 2022.

### Vehicle Costs

- 5.20 Due to the increase per litre of diesel during 2022/23, it is proposed to increase the expected cost for 2023/24. The budget is based on a price per litre of £1.49 (the Council pays a discounted rate in comparison to the forecourt) which is an increase of approximately 33p between years.
- 5.21 In addition, the usage of litres has been reduced by £12K for the expected savings from the new Hydrogen vehicles. The early results from the implementation of the Route Optimisation solution have not yielded the 10% reduction in fuel as expected. The software is not yet fully digitalised, therefore analysis on usage and cost will be completed quarterly and reported to Finance and Management Committee as part of the revenue monitoring cycle.
- 5.22 Oil costs have doubled as a result of the market uncertainties and risks to supply as a consequence of world events. The increase in costs of £14k reflect the price per litre not additional usage.
- 5.23 Spare parts have remained consistent in line with the review of the vehicle replacement plan. A provision (£25K) is included within the MTFP to allow for procurement delays whilst obtaining new fleet.
- 5.24 The increase in fleet vehicles accounts for the additional costs within transport for MOT's and Road Fund Licences.

### **District Election**

- 5.25 Due to the District Election in 2023/24, previously provided for expenditure in contingent sums in the MTFP has now been moved to the base budget. The increase (£125k) is not a direct impact on the General Fund reserves, rather a movement of the funds from contingent to the base budget.

### **Subscriptions and Professional Fees**

- 5.26 An increase in subscriptions and professional fees is expected between years, due to the recorded record highs in inflation resulting in Subscriptions and Memberships to professional bodies increasing by 10.1%.
- 5.27 External audit fees are under review and are expected to increase by up to 150%. The uplift to this budget is proposed at £30K with additional funds set aside in the MTFP of £20K. The results of a recent procurement exercise and consultation on Audit Fees will be announced later in the year. However, given on-going issues with resources for External Audit, it is considered inevitable that Fees will need to rise.
- 5.28 Staff welfare has been a focus since the pandemic, this has resulted in the increased use of counselling services and occupational health referrals. Previously covid funding had absorbed the increased costs of providing these services. The funding is no longer available which will result in an overspend in 2022/23. The proposed increased budget of £7k is to continue to provide this service.

### **Waste Disposal**

- 5.29 A 3% increase on the cost of waste disposal is expected. Although the cost base has increased, it is anticipated that the income received from Derbyshire County Council (£84k) will increase due to the tonnages expected for disposal. In addition, an increase in the guaranteed rate per tonne as part of the recycling contract (£45k) has

now been included. Any shortfall due to reduced tonnes will be drawn from earmarked reserves set-aside for the contract risks.

### **Computer Maintenance**

- 5.30 Inflationary uplifts of approximately 2% were covered within the MTFP. The financial year has recorded record highs in inflation resulting in Computer Maintenance Agreements being uplifted by the CPI in September 2022 of 10.1%.
- 5.31 The additional budget for internet services £24K is offset by the reduction of telephone charges £22k. A new service has been implemented to provide additional circuits as a main line in defence against loss of internet connection. This has replaced the old services provided by Vodaphone.
- 5.32 Computer Licenses have been subject to a review during 2022/23, the results of this are the budget saving of £33k.

### **Utilities**

- 5.33 The increase for utilities is in relation to the Leisure Centres (£21k) and Public Buildings (£22k).
- 5.34 Since the budget in January the results from the Council's Brokers' (Monarch) tendering exercise have been received. We can fix our electricity tariff to a new energy supplier ahead of our current fixed term tariff ending in September 23. The costs are anticipated to increase by £74k. The additional costs for a 1-year fixed deal are included in the MTFP for approval.
- 5.35 The budget for water has increased by 13% following confirmation of our suppliers proposed increase for 2023/24.
- 5.36 Oil costs have increased as a result of the market uncertainties and risks to supply as a consequence of world events. The £9k variance for the Oil powered boiler system at Rosliston Forestry Centre are included in the utilities variance.

### **Printing, Postage, Stationery and Books**

- 5.37 Business mail letters have increased in costs by 18% to provide a postal service for the Council. The increase in charges relate to costs driven up by supply chain issues as a consequence of world events, plus an increase in paper prices of 40%. The 18% levied by the supplier is an average percentage to cover the cost of their services.
- 5.38 The Councils contract with the current supplier is due to end during 2023/24 and a re-tendering exercise ahead of this has commenced.

### **Income Reduction**

- 5.39 It is a requirement of legislation that surplus funds are not made on the private hire licences. A review of the fees over the past 3 years has shown a surplus, therefore the fees have been reduced to compensate for the additional income. Fees are subject to periodic review and considered separately for example, when regulations change.

5.40 Derbyshire County Council have not confirmed the funding for the administration of concessionary travel; therefore, the income has reduced by £10k for the provision of the service.

### Investment Income

5.41 2022/23 has seen a rise in investment rates of over 3%, the Council has on average £68m invested in various institutions, with a range of rates. Temporary loans are placed with other local authorities securing rates and amounts of investment income. The budget increase in interest receivable (£144k) is set with caution, calculations have included average rates lower than are currently seen in the market. This will secure the budget against a fall in investment interest rates. It is noted that interest rates are continuing to increase, and this is currently generating substantial amounts of additional income which is helping to offset cost increases elsewhere.

5.42 Additional investment income receivable has been included within the life of the plan. This to reflect the level of investment income on deposit and the current level of interest rates received.

### Pension Contributions

5.43 As reported at the Finance and Management Committee on the 12<sup>th</sup> January 2023, it was proposed to reduce the pension contributions by £132k, which related to the reduction in added years payments. It was noted that the Council had recently received the results of the 2022 Pension Fund Valuation which will set contributions for 2023/24 to 2025/26 inclusive.

5.44 As a result of the valuation, the Council's contribution percentage has changed from 14.8% to 20.3%. The annual monetary sum has reduced from £678k to £174k. The net effect from these changes negates the saving of £132k by £127K albeit a proportion of the costs are charged to the Housing Revenue Account (£17K).

5.45 The MTFP has been updated for both funds to show the additional costs for approval.

### HRA Recharges

5.46 The total impact of the increase in HRA recharges is £116k and after a full review of all charges, the following table details the movement by service area.

|  | Movement<br>£'000 |
|--|-------------------|
| Head of Finance                                  | -27               |
| Head of Operational Services                     | -22               |
| Head of Business Change & ICT                    | -15               |
| Head of Legal & Democratic                       | -4                |
| Strategic Director (Corporate Resources)         | -9                |
| Head of Customer Services                        | -14               |
| Head of Corporate Property                       | -7                |
| Head of Organisational Development & Performance | -18               |
|  | <b>-116</b>       |

5.47 The increases for each area represent the rise in the costs for providing direct support from each of the service areas. The biggest increase is due to staff costs

resulting from the recent pay award, and the increased rates of inflation added to costs of service.

5.48 The Housing Programme Manager recharge is for services provided through Business Change that are part funded by the HRA. This is to assist with HRA projects in particular the housing decarbonisation project. This was approved at Finance and Management Committee in April 2021.

### **Earmarked Reserve Funding**

5.49 As noted earlier in the report, an increase in the reserve drawdown across all Service Areas is a result of the inclusion of funded posts in the base budgets. Drawdowns relating to the posts have been added to provide clarity of funding.

5.50 The main increases are the Planning services staffing costs approved by the Committee during 2022 and the Customer Services Restructure in August 2022.

### **Insurance**

5.51 Insurance cover is an overall decrease to the Council of £70k between 2022/23 and 2023/24. This decrease is a result of the Council retendering its services as reported in the November MTFP.

### **Income Generation**

5.52 The Trade waste customer base has increased with new clients and retention of existing clients. The customer base is expected to remain stable with the current prices competitive within the market.

6.1 Estates have successfully agreed two new lease agreements resulting in additional income of £20k. The new Innovation Centre is expected to generate £10k with Dellner Woodville's new agreement yielding the other £10k of income.

## **6.0 Financial Risk Analysis**

6.1 In addition to the cost pressures noted in section 5, as part of the base budget review, each Committee identified several risk areas. The main issues are detailed in the following table.

| <b>Risk</b>         | <b>Issue / Potential Effect</b>   | <b>Mitigating Action</b>   |
|---------------------|---|--|
| Reduction in Income | Budgeted income from Planning, Licensing etc. totals £1.5m is not sustainable   | Base budgets reflect actual income but remain prudent. This report contains detail on changes in anticipated income and is based on known marketplace conditions |
| Recycling           | The service went out to tender in 2021/22 with a risk share contract being in place from October 2021. Collection of waste is now in-house. | An additional budget of £100k has been implemented for collection of waste with a further provision of £50k per annum being set-aside in the MTFP.               |

|                  |  |  |
|------------------|--|--|
| Land Charges     | The service is currently being managed by Lichfield District Council due to having no resource internally at a significantly larger cost than the savings on vacancies | At the Finance and Management Committee in November 2021, a provision of £200K was created over 2 financial years (2021/22 – 2022/23). £116k remains whilst a longer-term management solution of the service is considered.. |
| Growth           | The Council's MTFP identifies underlying cost pressures yet to surface as a risk due to pressure from residential development.   | A provision for growth has been set-aside in the MTFP each year over the life of the Plan and this is kept under review.   |
| Parish Growth    | Additional Concurrent Function claims may become payable if Parishes form a Meeting or Council   | An update to the MTFP includes provision for this into the future with a specific provision for additional concurrent functions.   |
| External funding | As detailed in the report, several services are reliant on external contributions and reserve funding  | Earmarked reserves set-aside to maintain spending over several years. These reserves are currently estimated to remain at £1.1m by 2023/2024 but the reserve position is continually kept under review with service managers |

6.2

## **7.0 Financial Implications**

7.1 Detailed in the report.

## **8.0 Corporate Implications**

### **Employment Implications**

8.1 None.

### **Legal Implications**

8.2 None.

### **Corporate Plan Implications**

8.3 The proposed budgets and spending provide the financial resources to enable many of the on-going services and Council priorities to be delivered.

### **Risk Impact**

8.4 The Financial Risk Register is detailed within the Medium-Term Financial Plan, but individual Committee risks are listed in Section 6.

## **9.0 Community Impact**

### **Consultation**

- 9.1 The Council is statutorily required to consult on its budget proposals, prior to setting the annual Council Tax rate, with the local business and community sector. The Council has an established process in place to meet this requirement. Consultation takes place for approximately four weeks following approval of the draft budget proposals by Finance and Management Committee in January each year. Any feedback is reported to the Council as part of the final approval process.
- 9.2 There is no statutory requirement to consult with residents or other stakeholders, although it is considered good practice to do so. Traditionally, the Council has disseminated proposals through Area/Community Forums and via a presentation at the South Derbyshire Partnership Board. Many authorities do consult formally regarding their budget proposals and medium-term financial plans prior to setting budgets, using panels, representative groups, etc. as a way of fully engaging local people.

### **Equality and Diversity Impact**

- 9.3 None.

### **Social Value Impact**

- 9.4 None.

### **Environmental Sustainability**

- 9.5 None.

## **10.0 Conclusions**

- 10.1 That the proposed base budgets are scrutinised and approved to provide financial resources for continuation of service delivery.

## **11.0 Background Papers**

- 11.1 None

**COUNCIL TAX SETTING**

**APPENDIX 1**

|                             | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£   | 2027.28<br>£     |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|----------------|------------------|
| Council Tax @ 1.95%         | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873     | -7,796,958       |
| Council Tax @ £5 per Band D | -6,346,143         | -6,700,624        | -6,975,350        | -7,261,339        | -7,559,054     | -7,868,975       |
| <b>Council Tax Increase</b> | <b>0</b>           | <b>-61,325</b>    | <b>-63,839</b>    | <b>-66,457</b>    | <b>-69,181</b> | <b>-72,018</b>   |
| <b>RESERVE BALANCE</b>      | <b>-12,218,709</b> | <b>-9,884,791</b> | <b>-6,741,203</b> | <b>-3,054,201</b> | <b>744,663</b> | <b>4,837,609</b> |

|                             | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£   | 2027.28<br>£     |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|----------------|------------------|
| Council Tax @ 1.95%         | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873     | -7,796,958       |
| Council Tax @ 3.00%         | -6,346,143         | -6,707,679        | -6,982,693        | -7,268,984        | -7,567,012     | -7,877,260       |
| <b>Council Tax Increase</b> | <b>0</b>           | <b>-68,379</b>    | <b>-71,183</b>    | <b>-74,101</b>    | <b>-77,139</b> | <b>-80,302</b>   |
| <b>RESERVE BALANCE</b>      | <b>-12,159,399</b> | <b>-9,891,845</b> | <b>-6,755,601</b> | <b>-3,076,243</b> | <b>714,662</b> | <b>4,799,324</b> |

|                             | £                  | £                 | £                 | £                 | £              | £                |
|-----------------------------|--------------------|-------------------|-------------------|-------------------|----------------|------------------|
| Council Tax @ 1.95%         | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873     | -7,796,958       |
| Council Tax @ 2.00%         | -6,346,143         | -6,642,556        | -6,914,900        | -7,198,411        | -7,493,546     | -7,800,781       |
| <b>Council Tax Increase</b> | <b>0</b>           | <b>-3,256</b>     | <b>-3,390</b>     | <b>-3,529</b>     | <b>-3,673</b>  | <b>-3,824</b>    |
| <b>RESERVE BALANCE</b>      | <b>-12,159,399</b> | <b>-9,826,722</b> | <b>-6,622,684</b> | <b>-2,872,754</b> | <b>991,617</b> | <b>5,152,757</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax @ 1.75%          | -6,346,143         | -6,626,275        | -6,897,952        | -7,180,768        | -7,475,180       | -7,781,662       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>13,025</b>     | <b>13,559</b>     | <b>14,115</b>     | <b>14,693</b>    | <b>15,296</b>    |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,810,441</b> | <b>-6,589,455</b> | <b>-2,821,882</b> | <b>1,060,856</b> | <b>5,241,116</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax @ 1.50%          | -6,346,143         | -6,609,994        | -6,881,004        | -7,163,125        | -7,456,813       | -7,762,542       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>29,305</b>     | <b>30,507</b>     | <b>31,758</b>     | <b>33,060</b>    | <b>34,415</b>    |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,794,161</b> | <b>-6,556,226</b> | <b>-2,771,010</b> | <b>1,130,095</b> | <b>5,329,474</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax @ 1.00%          | -6,346,143         | -6,577,432        | -6,847,107        | -7,127,839        | -7,420,080       | -7,724,303       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>61,867</b>     | <b>64,403</b>     | <b>67,044</b>     | <b>69,793</b>    | <b>72,654</b>    |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,761,599</b> | <b>-6,489,768</b> | <b>-2,669,265</b> | <b>1,268,572</b> | <b>5,506,191</b> |

|                     | 2022.23<br>£ | 2023.24<br>£ | 2024.25<br>£ | 2025.26<br>£ | 2026.27<br>£ | 2027.28<br>£ |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Council Tax @ 1.95% | -6,346,143   | -6,639,299   | -6,911,511   | -7,194,883   | -7,489,873   | -7,796,958   |

|                              |                    |                   |                   |                   |                  |                  |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 0.75%          | -6,346,143         | -6,561,152        | -6,830,159        | -7,110,195        | -7,401,713       | -7,705,184       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>78,148</b>     | <b>81,352</b>     | <b>84,687</b>     | <b>88,159</b>    | <b>91,774</b>    |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,745,318</b> | <b>-6,456,539</b> | <b>-2,618,393</b> | <b>1,337,811</b> | <b>5,594,549</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax @ 0.50%          | -6,346,143         | -6,544,871        | -6,813,211        | -7,092,552        | -7,383,347       | -7,686,064       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>94,428</b>     | <b>98,300</b>     | <b>102,330</b>    | <b>106,526</b>   | <b>110,893</b>   |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,729,037</b> | <b>-6,423,310</b> | <b>-2,567,521</b> | <b>1,407,050</b> | <b>5,682,907</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax @ 0.25%          | -6,346,143         | -6,528,590        | -6,796,262        | -7,074,909        | -7,364,980       | -7,666,945       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>110,709</b>    | <b>115,248</b>    | <b>119,974</b>    | <b>124,892</b>   | <b>130,013</b>   |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,712,757</b> | <b>-6,390,081</b> | <b>-2,516,649</b> | <b>1,476,289</b> | <b>5,771,266</b> |

|                              | 2022.23<br>£       | 2023.24<br>£      | 2024.25<br>£      | 2025.26<br>£      | 2026.27<br>£     | 2027.28<br>£     |
|------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Council Tax @ 1.95%          | -6,346,143         | -6,639,299        | -6,911,511        | -7,194,883        | -7,489,873       | -7,796,958       |
| Council Tax - no increase    | -6,346,143         | -6,512,309        | -6,779,314        | -7,057,266        | -7,346,614       | -7,647,825       |
| <b>Council Tax Reduction</b> | <b>0</b>           | <b>126,990</b>    | <b>132,197</b>    | <b>137,617</b>    | <b>143,259</b>   | <b>149,133</b>   |
| <b>RESERVE BALANCE</b>       | <b>-12,159,399</b> | <b>-9,696,476</b> | <b>-6,356,852</b> | <b>-2,465,777</b> | <b>1,545,527</b> | <b>5,859,624</b> |

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN  
BUDGET & PROJECTION FEBRUARY 2023**

| Proposed<br>Budget | Projection | Projection | Projection | Projection | Projection |
|--------------------|------------|------------|------------|------------|------------|
| £                  | £          | £          | £          | £          | £          |
| 2022.23            | 2023.24    | 2024.25    | 2025.26    | 2026.27    | 2027.28    |

**BASE BUDGET**

|                                |                   |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Environmental & Development    | 6,225,153         | 6,789,905         | 7,008,047         | 7,218,291         | 7,432,356         | 7,666,486         |
| Housing & Community            | 2,801,603         | 2,955,287         | 2,986,459         | 3,039,009         | 3,095,825         | 3,157,535         |
| Finance & Management           | 6,264,523         | 6,429,329         | 6,641,575         | 6,824,067         | 7,008,887         | 7,216,881         |
| <b>Net Service Expenditure</b> | <b>15,291,279</b> | <b>16,174,521</b> | <b>16,636,081</b> | <b>17,081,367</b> | <b>17,537,068</b> | <b>18,040,902</b> |

**Accounting Adjustments**

|  |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Reverse out Depreciation   | -1,268,382        | -1,364,523        | -1,364,523        | -1,364,523        | -1,364,523        | -1,364,523        |
| Minimum Revenue Provision (MRP)  | 174,654           | 167,668           | 160,962           | 154,523           | 148,342           | 142,408           |
| Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone) | 20,556            | 20,556            | 1,639             | 0                 | 0                 | 0                 |
|  | <b>14,218,106</b> | <b>14,998,222</b> | <b>15,434,159</b> | <b>15,871,367</b> | <b>16,320,887</b> | <b>16,818,788</b> |

**Add: Known Variations**

|   |         |          |         |         |         |         |
|---|---------|----------|---------|---------|---------|---------|
| Vehicle Maintenance Plan (Tyres and Spare Parts)                  | 0       | 25,000   | 30,000  | 40,000  | 55,000  | 75,000  |
| Operational Services - Allocated Growth Excluded from Base Budget | 146,652 | 382,329  | 160,367 | 164,376 | 168,486 | 172,698 |
| Growth Provision Drawdown   | 0       | -172,294 | 0       | 0       | 0       | 0       |
| Land Charges Service Review Provision                             | 116,000 | 0        | 0       | 0       | 0       | 0       |
| Public Sector Audit Appointments - Additional External Audit Fees | 20,000  | 20,000   | 20,000  | 20,000  | 20,000  | 20,000  |
| Drakelow Concurrent Functions                                     | 2,185   | 0        |         |         |         |         |
| Operating Licence Inspection Pit                                  | 60,000  | 0        | 0       | 0       | 0       | 0       |
| Parish Concurrent Functions and Grants to Voluntary Bodies        | 0       | 10,885   | 11,103  | 11,325  | 11,551  | 11,782  |
| Driver and Mechanic Incentive Payment                             | 47,722  | 34,722   | 0       | 0       | 0       | 0       |
| Route Optimisation Potential Project Delay                        | 59,634  | 0        | 0       | 0       | 0       | 0       |
| Local Plan Review   | 15,000  | 15,000   | 0       | 0       | 0       | 0       |
| EDI Temporary Officer post  | 14,973  | 0        | 0       | 0       | 0       | 0       |
| Potential pay award   | 774,143 | 457,181  | 468,610 | 480,326 | 492,334 | 504,642 |
| Incremental Salary Increases                                      | 0       | 18,425   | 6,671   | 2,253   | 0       | 0       |

|   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Investment Income   | -275,000          | -150,000          | -125,000          | -100,000          | -100,000          | -100,000          |
| Potential Loss of Industrial Unit Income                        | 0                 | 0                 | 0                 | 210,000           | 210,000           | 210,000           |
| Increase in Electricity Tariff September 2023 to September 2024 | 0                 | 74,000            | 74,000            | 0                 | 0                 | 0                 |
| Pension Valuation 2023/24                                       | 0                 | 109,430           | 109,430           | 109,430           | 109,430           | 109,430           |
| Pension Earmarked Reserve Drawdown                              | -43,589           | -6,783            | 0                 | 0                 | 0                 | 0                 |
| Insurance Tender  | -146,500          | 0                 | 0                 | 0                 | 0                 | 0                 |
| District Election May 2023                                      | 0                 | 0                 | 0                 | 0                 | 0                 | 125,000           |
| <b>TOTAL ESTIMATED SPENDING</b>                                 | <b>15,009,326</b> | <b>15,816,117</b> | <b>16,189,340</b> | <b>16,809,077</b> | <b>17,287,688</b> | <b>17,947,340</b> |

## GENERAL FUND MEDIUM TERM FINANCIAL PLAN BUDGET & PROJECTION FEBRUARY 2023

|                                     | Proposed<br>Budget<br>£<br>2022.23 | Projection<br>£<br>2023.24 | Projection<br>£<br>2024.25 | Projection<br>£<br>2025.26 | Projection<br>£<br>2026.27 | Projection<br>£<br>2027.28 |
|-------------------------------------|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Provisions</b>                   |                                    |                            |                            |                            |                            |                            |
| Contingent Sum - Growth             | 160,000                            | 105,000                    | 143,254                    | 143,144                    | 113,144                    | 113,144                    |
| New Parishes - Concurrent Functions | 0                                  | 2,500                      | 5,000                      | 10,000                     | 15,000                     | 15,001                     |
| Waste and Recycling                 | 50,000                             | 50,000                     | 50,000                     | 50,000                     | 50,000                     | 50,000                     |
| <b>TOTAL PROJECTED SPENDING</b>     | <b>15,219,326</b>                  | <b>15,973,617</b>          | <b>16,387,594</b>          | <b>17,012,221</b>          | <b>17,465,832</b>          | <b>18,125,485</b>          |

### FINANCING

|   |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Business Rates Retention                            | -3,795,025         | -4,000,000         | -4,000,000         | -3,750,000         | -3,750,000         | -3,750,000         |
| Services Grant Allocation                           | -173,984           | -100,000           | 0                  | 0                  | 0                  | 0                  |
| Lower Tier Services Grant Allocation                | -291,393           | 0                  | -2,700,000         | -2,700,000         | -2,700,000         | -2,700,000         |
| New Homes Bonus                                     | -3,018,486         | -1,500,000         | 0                  | 0                  | 0                  | 0                  |
| Funding Guarantee                                   | 0                  | -1,800,000         | 0                  | 0                  | 0                  | 0                  |
| Council Tax Income                                  | -6,346,143         | -6,639,373         | -6,940,167         | -7,275,262         | -7,620,787         | -7,977,021         |
| <b>Core Spending Power</b>                          | <b>-13,625,031</b> | <b>-14,039,373</b> | <b>-13,640,167</b> | <b>-13,725,262</b> | <b>-14,070,787</b> | <b>-14,427,021</b> |
| Add Estimated Collection Fund Surplus - Council Tax | -166,393           | -55,000            | -55,000            | -55,000            | -55,000            | -55,000            |
| <b>TOTAL FINANCING</b>                              | <b>-13,791,424</b> | <b>-14,094,373</b> | <b>-13,695,167</b> | <b>-13,780,262</b> | <b>-14,125,787</b> | <b>-14,482,021</b> |

**Revenue Surplus (-) / Deficit**

|                  |                  |                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>1,427,903</b> | <b>1,879,243</b> | <b>2,692,427</b> | <b>3,231,959</b> | <b>3,340,045</b> | <b>3,643,464</b> |
|------------------|------------------|------------------|------------------|------------------|------------------|

**Capital Contributions**

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| IT and Digital Strategy                  | 160,000 | 160,000 | 160,000 | 166,500 | 173,000 | 166,500 |
| Purchase of Town Centre Land             | 44,335  | 0       | 0       | 0       | 0       | 0       |
| Community Partnership Scheme             | 219,053 | 0       | 0       | 0       | 0       | 0       |
| Rosliston Forestry Centre - Play Project | 50,000  | 0       | 0       | 0       | 0       | 0       |
| Asset Replacement and Renewal Fund       | 357,000 | 356,000 | 355,000 | 355,000 | 355,000 | 355,000 |

**TOTAL CAPITAL CONTRIBUTION**

|                |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>830,388</b> | <b>516,000</b> | <b>515,000</b> | <b>521,500</b> | <b>528,000</b> | <b>521,500</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|

**TOTAL GENERAL FUND DEFICIT**

|                  |                  |                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>2,258,291</b> | <b>2,395,243</b> | <b>3,207,427</b> | <b>3,753,459</b> | <b>3,868,045</b> | <b>4,164,964</b> |
|------------------|------------------|------------------|------------------|------------------|------------------|

**GENERAL FUND RESERVE BALANCE**

|                               |                    |                   |                   |                   |                  |                  |
|-------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|
|                               | -                  | -                 |                   |                   |                  |                  |
| Balance b/fwd                 | 14,477,000         | 12,218,709        | -9,823,466        | -6,616,039        | -2,862,580       | 1,005,465        |
| Revenue Surplus (-) / Deficit | 1,427,903          | 1,879,243         | 2,692,427         | 3,231,959         | 3,340,045        | 3,643,464        |
| Capital Contributions         | 830,388            | 516,000           | 515,000           | 521,500           | 528,000          | 521,500          |
| <b>Balance c/fwd</b>          | <b>-12,218,709</b> | <b>-9,823,466</b> | <b>-6,616,039</b> | <b>-2,862,580</b> | <b>1,005,465</b> | <b>5,170,429</b> |

## ENVIRONMENTAL &amp; DEVELOPMENT SERVICES - BUDGET SETTING 2023/24

|   | Proposed Budget<br>2023/24<br>£ | Approved Budget<br>22/23<br>£ | Change<br>£   | Comments  |
|---|---------------------------------|-------------------------------|---------------|---|
| Tourism Policy, Marketing & Development | 79,874                          | 78,263                        | 1,611         | Increase utilities £1.5k, Rent and stock                              |
| Promotion and Marketing of the Area     | 279,844                         | 279,292                       | 552           |   |
| Community Development                   | 10,000                          | 10,000                        | 0             |   |
| <b>ECONOMIC DEVELOPMENT</b>             | <b>369,718</b>                  | <b>367,555</b>                | <b>2,163</b>  |   |
| Food Safety                             | 78,300                          | 72,945                        | 5,356         | Increased staff cots £5K  |
| Pollution Reduction                     | 409,544                         | 411,242                       | -1,698        | Reduced staff costs £1.5k   |
| Pest Control                            | 17,636                          | 18,520                        | -884          | Fee reduction £500  |
| Public Health                           | 0                               | 0                             | 0             |   |
| Public Conveniences                     | 23,919                          | 25,113                        | -1,194        | Decrease dep'n £1k, Insurance £100                                    |
| Community Safety (Safety Services)      | 202,554                         | 202,866                       | -312          |   |
| Environmental Education                 | 110,352                         | 110,352                       | 0             |   |
| Welfare Services                        | 1,800                           | 1,800                         | 0             |   |
| <b>ENVIRONMENTAL SERVICES</b>           | <b>844,106</b>                  | <b>842,837</b>                | <b>1,269</b>  |   |
| Environmental Maintenance (Other Roads) | -70,557                         | -70,557                       | 0             |   |
| Public Transport                        | 29,719                          | 29,302                        | 417           | Decrease contract cleaning £11k; Increase R&M £4.3k                   |
| Off-Street Parking                      | 92,815                          | 97,251                        | -4,436        | Decrease Den £8.3k, Increase utilities £1.4k, Professional Fees £2.5k |
| <b>HIGHWAYS &amp; PARKING</b>           | <b>51,977</b>                   | <b>55,996</b>                 | <b>-4,019</b> |   |
| Local Land Charges                      | 6,702                           | 6,055                         | 647           |   |
| Licensing                               | 30,757                          | 21,794                        | 8,963         | Decrease Computing £1.2k, Fee income £10,500;                         |
| <b>LICENSING &amp; LAND CHARGES</b>     | <b>37,459</b>                   | <b>27,849</b>                 | <b>9,610</b>  |   |
| Emergency Planning and Works            | 16,500                          | 16,000                        | 500           | Increase TTP £500   |

|   |                  |                  |                |  |
|---|------------------|------------------|----------------|--|
| Building Regulations                          | 35,200           | 35,200           | 0              |  |
| Dealing with Development Control Applications | 351,204          | 328,955          | 22,249         | Increased staff costs £16.7k, Periodicals £2.5k, Computing £5.3k   |
| Structure and Local Planning                  | 320,722          | 321,713          | -991           |  |
| Street Name & Numbering                       | -12,391          | -3,959           | -8,431         | Increase fees income £8.5k   |
| <b>PLANNING</b>                               | <b>711,235</b>   | <b>697,908</b>   | <b>13,327</b>  |  |
| Grounds Maintenance                           | 751,254          | 769,776          | -18,522        | Decreased fee income £3.7k, dep'n £2k; increased recharge £22k   |
| Street Cleansing (not chargeable to highways) | 574,883          | 575,579          | -695           |  |
| <b>STREET SCENE</b>                           | <b>1,326,137</b> | <b>1,345,354</b> | <b>-19,217</b> |  |
| Household Waste Collection                    | 1,714,115        | 1,698,814        | 15,301         | Increased dep'n £57k, Recycling disbursements £35K Agency £6.2k, Subscriptions £9k; Cont. County Council (income) £83K, extra collections £10k |
| Trade Waste Collection                        | -107,076         | -98,559          | -8,517         | Increase Waste Collection £24.7k, Fees (income) £33k   |
| Recycling                                     | 478,929          | 482,761          | -3,832         | Increase waste management £8.5k, salary oncosts £31k, Contributions (income) 45.6k   |
| Direct Services Central Admin                 | 382,600          | 374,735          | 7,865          | Increase salaries £8k  |
| Transport Services                            | 980,705          | 854,781          | 125,924        | Increase Petrol/Diesel £116k, Oil £14k, MOT £3.2, RFL £3.2k, Subs £2.8k; decreased insurance £10.8 dep'n £5.8k                                 |
| <b>WASTE &amp; TRANSPORT</b>                  | <b>3,449,273</b> | <b>3,312,533</b> | <b>136,741</b> |  |
|   | <b>6,789,905</b> | <b>6,650,033</b> | <b>139,873</b> |  |

## HOUSING &amp; COMMUNITY SERVICES - BUDGET SETTING 2023/24

|   | Proposed<br>Budget<br>2023/24 | Approved<br>Budget<br>22/23 | Movement       | Comments   |
|---|-------------------------------|-----------------------------|----------------|--|
| General Grants, Bequests & Donations              | 314,260                       | 314,123                     | 138            |  |
| Community Centres                                 | 202,793                       | 214,446                     | -11,652        | Decreased depreciation £11.5k  |
| Community Safety (Crime Reduction)                | 140,909                       | 140,909                     | -0             |  |
| Defences Against Flooding                         | 59,337                        | 59,303                      | 34             |  |
| Market Undertakings                               | 1,389                         | 2,138                       | -749           |  |
| Village Halls                                     | 0                             | 0                           | 0              |  |
| <b>COMMUNITY DEVELOPMENT &amp; SUPPORT</b>        | <b>718,689</b>                | <b>730,919</b>              | <b>-12,229</b> |  |
| Arts Development & Support                        | 15,040                        | 15,040                      | 0              |  |
| Events Management                                 | 125,736                       | 124,297                     | 1,439          | Decrease Staff Costs £3.7k, insurance £1k;<br>Increased events costs £6.2k                     |
| Midway Community Centre                           | 42,228                        | 34,256                      | 7,972          | Decreased tools £1k, Increased depreciation<br>£3.5k, utilities £4.5k, R&M £1.2k               |
| Stenson Fields Community Centre                   | 8,203                         | 6,988                       | 1,215          |  |
| <b>RECREATIONAL ACTIVITIES</b>                    | <b>191,207</b>                | <b>180,581</b>              | <b>10,626</b>  |  |
| Melbourne Assembly Rooms                          | 20,932                        | 32,460                      | -11,528        | Decrease depreciation  |
| Get Active in the Forest                          | 34,452                        | 34,452                      | -0             |  |
| Sports Development & Community Recreation         | 185,936                       | 185,935                     | 0              |  |
| Indoor Sports & Recreation Facilities             | 578,478                       | 497,336                     | 81,142         | Increase fees £9.9k (income), Deprecation £71k,<br>TPP £5.2k, Insurance £4.8k, Utilities £9.9k |
| Outdoor Sports & Recreation Facilities (SSP)      | -0                            | 0                           | -0             |  |
| Play schemes                                      | 21,269                        | 21,269                      | 0              |  |
| <b>LEISURE CENTRES &amp; COMMUNITY FACILITIES</b> | <b>841,067</b>                | <b>771,453</b>              | <b>69,614</b>  |  |
| Allotments  | 206                           | -799                        | 1,005          | Increase grounds £1k   |

|   |                  |                  |                |   |
|---|------------------|------------------|----------------|---|
| Rosliston Forestry Centre                         | 293,467          | 310,654          | -17,187        | Decrease R&M £3k, Tools & Equipment £4k, Insurance £3.5k, Depreciation £11.5k Increase fees (income) £19.9k, Utilities £2.9k, Oil £9.2k, Contract Cleaning £6.9k, Laundry £4.3k, Bank Charges £3.2k |
| Cemeteries  | 21,355           | 20,247           | 1,108          | Increase fees £2.5k, grounds £3.5k  |
| Closed Churchyards                                | 7,548            | 7,608            | -60            |   |
| Parks and Open Spaces                             | 329,822          | 330,723          | -901           |   |
| <b>PARKS &amp; OPEN SPACES</b>                    | <b>652,398</b>   | <b>668,432</b>   | <b>-16,035</b> |   |
| Housing Standards                                 | 101,088          | 99,790           | 1,298          | Increase Subscriptions  |
| Housing Strategy                                  | 103,305          | 102,327          | 977            |   |
| Administration of Renovation & Improvement Grants | 61,991           | 61,466           | 525            |   |
| Bed / Breakfast Accommodation                     | 6,500            | 6,500            | 0              |   |
| Pre-tenancy Services                              | 241,761          | 239,321          | 2,440          | Increase Staff Costs  |
| Other Housing Support Costs (GF)                  | 37,281           | 35,569           | 1,712          | Increase Computing £2k  |
| <b>PRIVATE SECTOR HOUSING</b>                     | <b>551,926</b>   | <b>544,974</b>   | <b>6,952</b>   |   |
|   | <b>2,955,287</b> | <b>2,896,359</b> | <b>58,928</b>  |   |

## FINANCE & MANAGEMENT - BUDGET SETTING 2023/24

|                           | Proposed<br>Budget<br>2023/24<br>£ | Approved<br>Budget<br>22/23<br>£ | Movement<br>£ | Comments  |
|---------------------------|------------------------------------|----------------------------------|---------------|---|
| Business Change           | 125,681                            | 111,582                          | 14,099        | Increase salaries £22k, HRA recharge £7.8k  |
| Digital Services          | 186,693                            | 180,623                          | 6,070         | Decrease printing £4.2k, Computing £1.5k, HRA Recharge £1.4k  |
| Caretaking                | 156,319                            | 156,303                          | 16            | Decrease salaries £1.5k, HRA recharges £1.4k; Increase mileage £3k  |
| Senior Management         | 467,067                            | 471,253                          | -4,186        | Decrease Training £1.4k, Mileage £1.1k, TPP £1.4k; Increase HRA recharges £3k salaries £3.2k  |
| Financial Services        | 392,922                            | 422,423                          | -29,501       | Decrease professional fees £70k, Reserve Funding £15k; Increase salaries £37k, Training £3.8k, HRA recharges £1.2k  |
| Internal Audit            | 126,633                            | 113,373                          | 13,260        | Increase Professional Fees £19.5k, HRA Recharges £6.2k  |
| Merchant Banking Services | 69,283                             | 68,075                           | 1,208         |   |
| ICT Support               | 775,687                            | 778,097                          | -2,410        | Decrease salaries £6.4k, Telephones £13.8k, Mobiles £8.7k, Insurance £6.4k; Increase training £4k, Internet Circuits £24.5k, dep'n £9.6k, HRA recharges £5.7k |
| Legal Services            | 280,115                            | 283,535                          | -3,420        | Decrease salaries £1k, Books £2.3k; Increase professional fees £2.3k, HRA recharges £2.6k   |
| Performance & Policy      | 39,554                             | 39,817                           | -264          |   |
| Personnel/HR              | 414,639                            | 396,375                          | 18,264        | Decrease salaries £10k, Insurance 2.2k; Increase medical £6.6k, Computing £36.6k, Licences £1k, HRA recharges £14.5k  |
| Communications            | 82,206                             | 84,496                           | -2,290        | Increase HRA recharges £2.3k  |
| Customer Services         | 587,517                            | 536,993                          | 50,525        | Reduce Stationery £2.9k; Increase salaries £37.4k, Postages £29k, HRA recharges £13.6k  |
| Health & Safety           | 59,769                             | 60,252                           | -483          |   |
| Admin Offices & Depot     | 695,910                            | 673,282                          | 22,629        | Decrease insurance £6.1k; Increase salaries £3.3k, Utilities £14.8k, Rates £1.8k, Refuse £1k, Deon £8.3k, HRA recharges £9.6k, Van Hire £817, Licences £255   |
| Protective Clothing       | 30,809                             | 29,809                           | 1,000         | Increase protective clothing  |

|   |                  |                  |                 |   |
|---|------------------|------------------|-----------------|---|
| Procurement   | 12,349           | 12,349           | 0               |   |
| <b>CENTRAL SUPPORT SERVICES</b>                           | <b>4,503,154</b> | <b>4,418,635</b> | <b>84,519</b>   |   |
| Democratic Representation & Management                    | 92,058           | 91,850           | 207             |   |
| Corporate Management                                      | 69,435           | 65,951           | 3,484           | Increase subs £3.5k   |
| Corporate Finance Management                              | 40,261           | 37,969           | 2,293           | Decrease insurance £1.5k; Increase professional fees £30k, HRA recharges £25.6k   |
| Elected Members   | 354,920          | 361,625          | -6,705          |   |
| <b>CORPORATE &amp; DEMOCRATIC COSTS</b>                   | <b>556,674</b>   | <b>557,395</b>   | <b>-721</b>     |   |
| Registration of Electors                                  | 43,481           | 44,271           | -790            |   |
| Conducting Elections                                      | 306,786          | 187,742          | 119,045         | Decrease Tools R&M £3.4k; Increase district election costs £125k  |
| <b>ELECTIONS &amp; REGISTRATION</b>                       | <b>350,267</b>   | <b>232,013</b>   | <b>118,255</b>  |   |
| Funded Pension Schemes                                    | 148,017          | 280,298          | -132,281        |   |
| Increase/Decrease in Provision for Bad or Doubtful Debts  | 175,000          | 175,000          | 0               |   |
| Planning Agreements                                       | 0                | 0                | 0               |   |
| Parish Councils   | 435,009          | 434,765          | 243             |   |
| Interest & Investment Income (GF)                         | -281,578         | -136,229         | -145,349        | Decrease insurance 1.7k; Increase Interest £144k  |
| External Interest Payable (GF)                            | 2,700            | 500              | 2,200           | Increase - Parish Council Loans Interest  |
| <b>PARISHES, INTEREST, S106 RECEIPTS &amp; PROVISIONS</b> | <b>479,148</b>   | <b>754,334</b>   | <b>-275,186</b> |   |
| Estate Management   | -240,342         | -238,225         | -2,117          | Decrease training £1.5k, Insurance £6.9k; Increase salaries £1k, Utilities £7.6k, Business Rates £11.5k, Prof fees £3k, Fees £12.1k |
| <b>ESTATE MANAGEMENT</b>                                  | <b>-240,342</b>  | <b>-238,225</b>  | <b>-2,117</b>   |   |
| Council Tax Collection                                    | 135,133          | 144,212          | -9,080          | Decrease salaries £9.7k, Insurance £215; Increase training £864   |
| Non-Domestic Rates Collection                             | -87,500          | -87,500          | 0               |   |
| Revenues & Benefits Support & Management                  | 381,042          | 357,680          | 23,362          | Decrease salaries £4.7k; Increase computing £28.1k  |
| Rent Allowances Paid                                      | 30,340           | 37,005           | -6,665          |   |
| Net cost of Rent Rebates Paid                             | 83,400           | 80,882           | 2,519           |   |
| Corporate Fraud   | 51,066           | 48,150           | 2,916           | Increase prof fees £2.9k  |
| Housing Benefits Administration                           | 143,321          | 173,803          | -30,482         | Decrease salaries £15.3k, Benefits processing £40k, Grants (income) £18k; Increase Professional fees £6k                            |
| Concessionary Fares                                       | 0                | -9,600           | 9,600           | No confirmation of DCC contribution   |
| <b>REVENUES &amp; BENEFITS</b>                            | <b>736,801</b>   | <b>744,631</b>   | <b>-7,830</b>   |   |
|   | <b>6,385,702</b> | <b>6,468,784</b> | <b>-83,081</b>  |   |