

Medium Term Financial Plan

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Medium Term Financial Plan **2021-2022 to 2024-2025**

A. Introduction

Financial planning is a key tool for strategic management and is an aid to operational decision making. Without financial planning the Council would be unlikely to achieve its priorities or make the best use of its resources. The Medium Term Financial Plan (MTFP) is a financial representation of the Council's vision and supports its priorities.

Our vision is for our Borough to be a great place to live, work and visit.

The thematic key priorities for the next four years are:

1. Enabling our residents to live happy, healthy, productive lives.

Putting people at the centre of all that we do is a key priority for the Council. We will do this by helping them to have the best start in life, enjoy healthy and active lifestyles, and have opportunities to improve their well-being by building strong communities. We will actively encourage people to work with us to design activities that meet their needs. We will work with our communities so that people can enjoy good health and live in a safe environment where they can be happy and reach their full potential.

2. Creating vibrant, safe and welcoming places where people want to live.

Our Borough is a great place to live, work and have fun. There is an abundance of natural beauty and heritage but there is also an opportunity to offer people more. We want a varied housing offer to retain our residents and attract new people to settle here. We want to build on existing strengths and encourage more people to visit the town centres in Barrow and Dalton by making them more vibrant so that residents and visitors enjoy a positive and memorable experience. We want to protect our natural environment.

3. Supporting our economy to thrive and benefit all our residents.

Barrow's manufacturing heritage and its pivotal role in the defence industry is a source of local pride and tradition. Our world-class manufacturing expertise is recognised worldwide, however to enable inclusive growth we will seek to diversify our economy to secure opportunities for our residents by supporting other key industries including the growing renewable energy sector. In particular, we have the opportunity to secure continued investment in the Borough and ensure our residents have the skills and services to allow them to benefit from the growing economy. We will deliver our ambitions through effective joint working with public and private sector partners, by offering a clear policy framework, proactive steps to promote the role and opportunities within the Borough and by securing additional public and private investment.

These priorities will be used as the basis for all future business planning and to direct the activity of any spare capacity and resources. Given the severe constraints on Council income it is necessary to think and act more like a business, drive

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efficiencies from services, generate more income and support innovation and best practice within services.

This MTFP covers the period from 2021-2022 to 2024-2025. The level of Government support for the Council is known for 2022-2023 and the years beyond are based on that same allocation/settlement with one-off grant allocations removed.

B. Medium Term Financial Strategy

The Council's Medium Term Financial Strategy is to be financially stable and resilient whilst making strategic and productive use of all resources. The Council strives for efficiency in the use of resources and by monitoring outcomes and outputs will demonstrate effectiveness and economy.

In the medium term the Council is focussed on the core budget and ensuring that is balanced; resources will be focussed and aligned to achieving the delivery of the Council Plan Priorities. Where necessary reserves will be used to control the pace of change, fund transformation, support long term financial resilience and aid the delivery of external funding programmes and projects such as the Town Deal.

B. Planning Process

To ensure a robust and achievable Medium Term Financial Plan is established, the planning process covers a number of key aspects:

- Leadership – leading Members, the Section 151 Officer and Management Team demonstrate strong leadership of finances and strategic direction.
- Priorities – the Council Plan Priorities provide a focus for resources.
- Ownership – the Director of Resources produces and updates the Medium Term Financial Plan.
- Achievement – the Director of Resources will monitor adherence to the Medium Term Financial Plan and will quantify and report any significant deviation to Management Team and the Executive Committee.
- Risk management – the MTFP highlights the key considerations in terms of finance; the Reserves and Balances Policy risk assesses financial reserves.
- Efficiencies – Management Team will pursue efficiencies and value for money, realising savings for the core budget. This is an on-going process.
- Completeness – the MTFP incorporates the Council Priorities, the Budget Setting process for revenue, capital and treasury management, and the Council Tax setting.
- Relevance – the MTFP is reviewed periodically throughout the financial year and revised for known financial impacts. This includes a review once the previous financial year outturn is known.

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C. Budget Strategy and Funding

During the austerity of local government finances of the last decade and in order to achieve a balanced budget, the Council achieved cumulative core budget changes of £8.9m. The budget changes are deemed to be sustained now; the changes, or savings, were achieved by the 31 March 2019 and the subsequent budgets have balanced without requiring budget support from the financial reserves

The Council is committed to continue to offer all current services as far as possible.

Under the Local Government Finance Act 1992, the Council is charged with setting a balanced budget by the 11 March of the preceding financial year. The budget for 2022-2023 is balanced; projections ahead in the medium term are not balanced.

The additional Business Rates retained are included in total revenue financing; the Council's share of the Business Rates collected and retained has been higher than the settlement baseline since the inception of the scheme in 2013.

It is hope that the national "re-set" and the Fairer Funding Review will have regard to the level of funding required by authorities and recognise the reliance upon local taxes which may be volatile.

The Council Tax precept is included at the higher of £5 on Band D and 1.99% each year.

For this iteration of the MTFP the existing **settlement baseline** is projected to increase at 2% per annum; the additional Business Rates are shown separately.

To project the core budget forward the 2022-2023 budget is restated to eliminate the one-off use of reserves, non-core expenditure funded by matching income, technical accounting items and parish precepts.

The 2022-2023 budget balances by relying on the one-off Government grants allocated in the settlement.

The one-off Government grants total £321,530 for 2022-2023 which indicates there is a core deficit in the budget which is inherent in the medium term projections:

- Services Grant 2022-2023 £215,740
- New Homes Bonus £101,560
- New Burdens £4,230

The 2022-2023 General Fund budget is set as a balanced budget, but for the purposes of projecting the budget to future years, it is the core budget that must be identified.

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D. Budget Projections

The medium term projections are shown in summary below and in further detail at **Appendix 1**. The assumptions and estimates are explained in the subsequent Section.

| | 2022-2023 Budget as published | 2022-2023 Core Budget | 2023-2024 Projected Budget | 2024-2025 Projected Budget |
|---------------------------|--|----------------------------------|---|---|
| | £ | £ | £ | £ |
| Net Revenue Budget | 8,841,970 | 10,982,170 | 11,304,520 | 11,662,690 |
| Core Revenue Financing | - 8,520,440 | - 10,660,640 | - 10,895,330 | - 11,135,840 |
| Core Deficit/(Surplus) | <u>321,530</u> | <u>321,530</u> | <u>409,190</u> | <u>526,850</u> |
| One-off Government Grants | - 321,530 | - 321,530 | | |
| Budget deficit/(surplus) | <u>-</u> | <u>-</u> | <u>409,190</u> | <u>526,850</u> |
| Incremental deficit | | 321,530 | 87,660 | 117,660 |

The core deficit for 2022-2023 is shown to identify the incremental widening of the core deficit for 2023-2024 of £87,660 and for 2024-2025 of £117,660; the annual deficit projected for future years is the shortfall between the costs from inflationary pressures against the additional income raised from local taxes.

The cumulative budget deficit unfunded is £936,040; the core deficits projected for 2023-2024 and 2024-2025.

There are a number of uncertainties that cannot be incorporated into the budget projections that may reduce the core deficit:

- New Homes Bonus – funding may continue in later years
- Services Grant – this one-off grant has been paid for two years
- Income from Fees and Charges – income may exceed expectations
- Expenditure – whilst budgets are set against expected requirements each year, the austerity experienced over the last decade has resulted in prudence, efficiency and innovation. Savings and reductions may materialise. As an example, the full staff establishment is budgeted but significant gaps in vacancies will save budget – this is not desired or targeted but may occur.

The 2021-2022 outturn will be analysed against the projected budget and any core permanent changes will be incorporated into 2022-2023 and future years.

The 2022-2023 quarterly monitoring will identify any core permanent changes and reflect those in the MTFP. The MTFP will be used as part of the key supporting information in building the budgets for the Westmorland and Furness Authority and a

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mechanism for feeding individual authority changes through will be established between the Finance and Commercial Board and the Data Hub.

Whilst the MTFP is not able to be presented as balanced, the future grant funding, Business Rate Retention, service income and service efficiencies are somewhat likely to contribute to reducing the core deficit.

E. Assumptions and Estimates

It is necessary to make certain assumptions and calculate estimates when projecting the budget into future years. Some budget items can be simply uplifted by an estimated percentage for inflationary pressures whilst others are more complex.

It is important that the underlying bases used to produce the budget projections are set out in order to measure/vary those as part of budget monitoring during the financial year. The MTFP is ordinarily re-set annually but for 2022-2023 it is proposed that the figures are updated quarterly to the Executive Committee and fed into the Westmorland and Furness Authority financial planning as required.

1. General Principles

The Council pursues value for money at all times and whilst the budget projections do not anticipate a specific saving or budget reduction, all efficiencies will be realised and either repurposed within the budget or reserved for future expenditure.

No service reductions are anticipated and no significant changes in service demand are projected. No alternative service delivery models are provided for within the core budget for 2022-2023 apart from the funding arrangements for Barrow Forward Limited, the Council's wholly owned leisure company operating the park leisure centre.

2. Staff Related Expenditure

The full establishment is budgeted for as it is anticipated that posts currently vacant will be filled. The organisational restructure has been incorporated into the budget overall and resources will be aligned to the new divisions prior to April 2022.

Employees with incremental progression within grades will progress as normal.

The pay award has been estimated as 2%.

3. Bought-in Supplies and Services

These are the annual assumptions applied to each of the projected years.

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There has been no adjustment for gas and electricity prices reducing from the peak expected in 2022-2023; the projections have assumed the 2022-2023 costs become the new base.

Property costs:

- Utilities 3%
- Business Rates 2%
- Maintenance contracts and materials 3%

Supplies and services

- Software maintenance 3%
- Subscriptions and publications 3%
- Professional fees and consultancy %

Contracts

- Revenues and benefits IT 0%
- Building cleaning contract 3%
- Grounds maintenance contract 3%
- Waste and street cleansing contract 3%

4. External Income

External income covers over £5.9m of the Council's gross expenditure.

There are no new fee or charge price increases proposed with the 2022-2023 General Fund budget and that has been mirrored in the medium term with the following exceptions:

- Certain services operate on full cost recovery and the medium term budgets maintain that for: allotments; building control (the fee earning element); and local land charges.
- The recycling credit/reward per ton increases by 3% each year (this is statutory). No increase in recycling tonnage is included in the budget projections, but it is hoped that an improvement will materialise from the communications and marketing strategy.
- It is assumed that the additional rent from letting the Waterfront Gateway Business Centre will cover the income losses from the Marina Village site.
- Administration grants that relate to Housing Benefits, Council Tax Support and Business Rates all reducing by 5% each year.

5. Treasury Management

The Council has PWLB fixed rate debt belonging to the General Fund and the Housing Revenue Account. No new borrowing is to be drawn down and maturities during the medium term are repaid.

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The Minimum Revenue Provision is the amount required to be set aside to reply dent under statute. The amount does not alter in the medium term.

In terms of interest earned on temporary surplus cash, this has been significantly reduced from the pre-COVID years. The Council manages its cash under the Treasury Management Strategy which generally focusses deposits with Building Societies and other local authorities – security is paramount, then liquidity and finally yield.

The weighted average principle for the years and the average rate of interest assumed is:

- 2022-2023 £24.5m 0.3%
- 2023-2024 £20m 0.75%
- 2024-2025 £20m 1%

6. Council Tax Precept

The Council Tax Base increased during 2021-2022 and this impacted on the Council Tax calculation for 2022-2023. The increase comes from changes in chargeable dwellings in the borough, the discounts applied, and the uptake of Council Tax Support; Council Tax Support is netted off the Council Tax Base.

A 1% growth in each year is projected and this is based on normal actual growth.

The Council Tax precept in the MTFP excludes the Parish precepts as those are determined by the local councils.

The Council Tax is assumed to increase by the maximum permitted by the Referendum Principles which is currently £5 on the Band D amount or 1.99%.

7. Settlement Baseline and Additional Business Rates

At some point the Revenue Support Grant will be merged into the settlement baseline. The settlement baseline is the value of Business Rates that Government expects the Council to retain from the whole value collected. The settlement baseline increases along with the Business Rate multiplier each year; the projections assume a 2% increase.

The Council's actual share of the whole value of Business Rates collected is higher than the settlement baseline. The additional Business Rates income has previously been partly used to fund the General Fund budget and set aside for income volatility (the reserved volatility is used to cushion the budget).

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In previous years around 20% of the additional Business Rates is excluded from the budget to be set aside against volatility. It is not possible to exclude such a percentage of revenue financing in balancing the 2022-2023 budget, or the years ahead. The volatility reserve will be reduced should the budget require support from movement in the business rate base, and increased should the business rate base or pooling create a surplus.

No significant additions or losses are assumed in the Business Rate base.

Membership of the Cumbria Business Rate Pool continues and the estimated pool benefit is included in the budget.

8. New Homes Bonus

The New Homes Bonus shown for 2022-2023 has surpassed the threshold and grant has been awarded, however that is noted that the awards for 2022-2023 shall not attract legacy payments.

F. Reserves and Balances

The Council holds earmarked reserves and has fund balances and these can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.

Earmarked reserves are used to fund items of non-recurring expenditure.

Upon closing each financial year, the outturn is reviewed and surpluses are appropriated to relevant specific reserves (commercial properties for example), and the balance added to the Budget Contingency reserve; all reserves are reviewed when the financial year is closed and transfers are made where required.

In order to be in a position to mitigate the fluctuations in the Borough Council's retained share of Business Rates, income has been prudently set aside into a volatility reserve. As the localisation of Business Rates progresses there is an increased risk and reliance placed on Business Rates to finance Council services; this may be over and above the current fluctuations, revaluations and appeals.

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The current Pension Fund triennial valuation significantly reduced the contribution that the Council makes. Asset values, particularly property asset values may reduce between valuations and the result would increase the contributions required.

The projected budgets are based on the pension contributions (deficit funding) continuing at the same amounts again. An increase in pension contributions from the next triennial valuation (1 April 2023) would result in a direct revenue impact and need for reductions/savings in the core budget.

The movements in reserves included in the projections are the best estimates based on previous years and known timeframes, but there may be slippage across the period covered. The movement for 2022-2023 consists of the movements presented with the budget, plus others that are anticipated to be drawn down during 2022-2023 but amounts and timing are not certain.

Until the funding position beyond 2022-2023 is known, reserves as a whole will be protected as far as possible. The Council's reserves are set out in the Reserves and Balances policy. Reserves are earmarked for specific purposes through recommendations to Full Council from the Executive Committee. The transferring, repurposing or extinguishing of reserves is dealt with by the Executive Committee.

The General Fund balance at the 31 March, 2022, is projected to be £2,300,000; the minimum balance required is currently £1,900,000.

The General Fund earmarked reserves over the life of this Medium Term Financial Plan are projected in the following tables.

| Reserve | Estimated 31/03/2022 £000 | Estimated 31/03/2023 £000 | Estimated 31/03/2024 £000 | Estimated 31/03/2025 £000 |
|--------------------------|--|--|--|--|
| Transformation | 1,192 | 362 | 217 | 95 |
| Renewals | 759 | 639 | 319 | 242 |
| Insurance | 80 | 60 | 40 | 20 |
| Losses | 850 | 850 | 850 | 850 |
| Contingency | 1,496 | 1,298 | 1,190 | 1,082 |
| Others | 481 | 114 | 57 | - |
| COVID-19 Collection Fund | 3,009 | - | - | - |
| Ring-fenced Grants | 417 | 342 | 267 | 192 |
| Total | 8,284 | 3,665 | 2,940 | 2,481 |

The use of reserves across 2022-2025 includes major projects drawdown, public buildings maintenance, insurance excesses, local government reorganisation, budget variations, welfare support and some drawdown of ring-fenced grants.

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Where necessary any depleted earmarked reserves will be reviewed and topped-up from other reserves or alternatively from revenue.

The purpose of the earmarked reserves is as follows:

- Transformation – funds for service redesign and investment in efficiencies; restructuring; funds for major projects.
- Renewals – revenue funds set aside for capital/major projects and cyclical renewal of major items.
- Insurance - funds set aside for excesses payable over the medium term.
- Losses – funds set aside for the partial exemption VAT threshold, Municipal Mutual Insurance scheme of arrangement and uninsured losses.
- Contingency – funds set aside for one-off items that are not in the core revenue budget including business rate volatility.
- Welfare support – funds set aside for Housing First and external welfare funding commitments.
- Local Government Reorganisation – this reserve was created for the Implementation across Cumbria and for funds set aside for costs incurred directly that are outside the purposes of the Implementation Reserve.
- COVID-19 – this reserve holds the grant funding that related to the borough share of Council Tax and Business Rates; the grant funding relating to relief awarded and income losses that will be distributed under existing precepting arrangements.
- Revenue grants – ring-fenced income which has no claw-back conditions attached and are yet to be applied to matching expenditure.

G. Council Tax

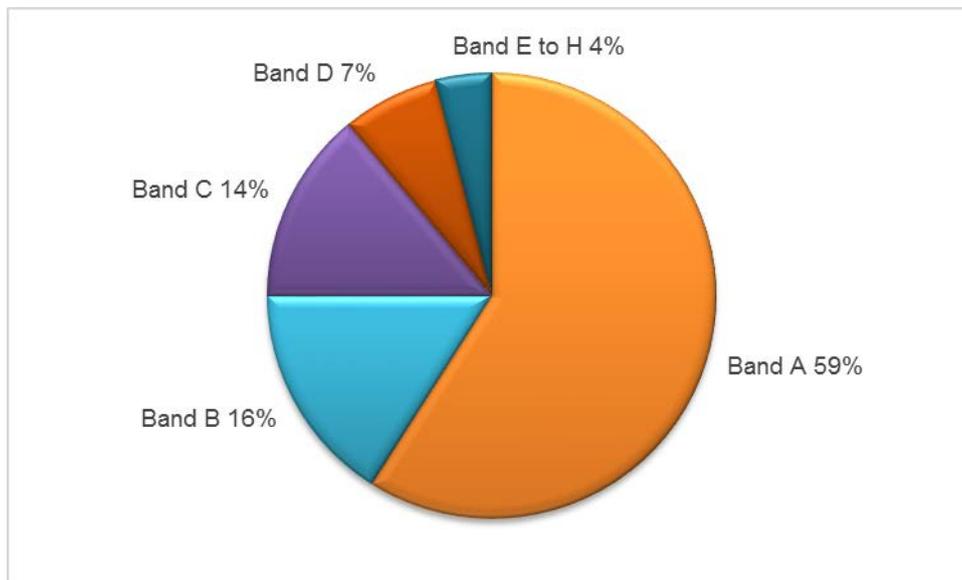
The Council Tax for 2022-2023 was set by Full Council on the 24 February 2022. The unparished Band A value is £166.94 including a £3.33 increase (2.04%). The unparished Band D value is £250.41 with the Tax Base at 19,899.25.

The Council's demand on the Collection Fund to meet the 2022-2023 General Fund budget was set at £4,982,970 excluding parish precepts.

The Council Tax Base is calculated on Band D equivalents; the following table highlights that 89% of properties in the Borough are lower than Band D, giving the authority a low Council Tax Base.

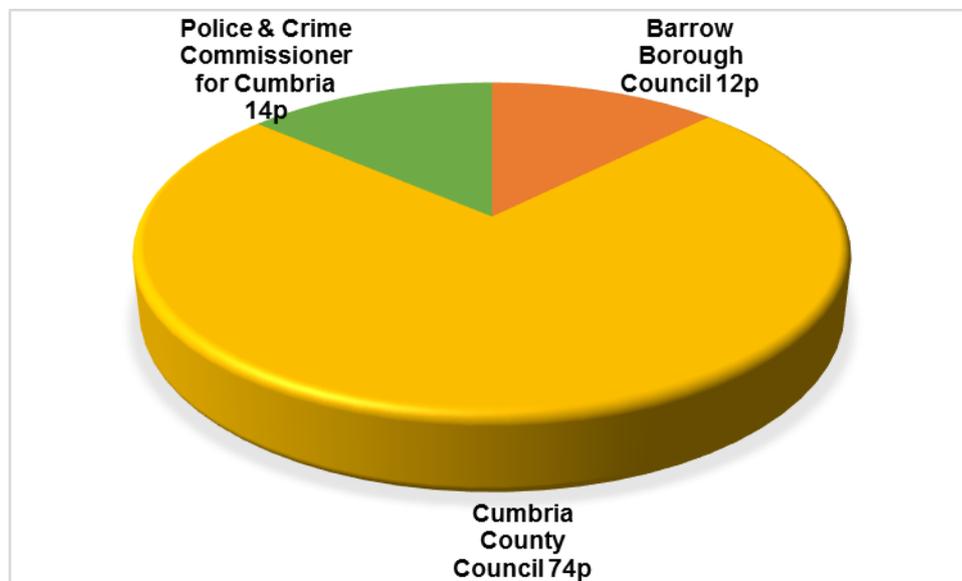
The chargeable dwellings for 2022-2023 are shown in their Council Tax bands:

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2021-2022 to 2024-2025



Barrow Borough Council is the billing authority for the borough which means that in addition to the amount collected to pay for the services directly delivered, the Council also bills for, collects and distributes the precepts or Council Tax for Cumbria County Council, the Police & Crime Commissioner for Cumbria and the local parishes.

Each £1 collected belongs to:



H. Risk

Estimates contain an element of risk from items such as inflation, the financial markets, Government support, customer demand and the anticipation of future

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events. The Council's Reserves and Balances Policy sets out the risk assessment applied to estimates. Some of the key financial considerations are:

- Strong contracting and procurement.
- Uncertainty concerning future funding.
- Delivery of the Council Plan within financial constraints.
- Impacts of delivering of major projects and accountable body status.
- Allowances for inflation may be insufficient.
- Impacts of establishment restructure or job evaluation and grading.
- Employer pension contributions may increase.
- National insurance contributions may increase.
- Staff grading changes or other structural changes are not budgeted for.
- Usage of gas and electricity may be estimated too low.
- Business Rates and water rates may change.
- Professional services may be required to support key functions.
- Local Government Reorganisation.
- The possibility of driving further efficiency savings from the budget.
- No major contracts are due to be retendered during the life of this Plan.
- Some lower value (non-major) long-term contracts are to be retendered during the life of this Plan.
- Additional expenditure items must be necessary and are subject to approval; as determined by the Director of Resources.
- Recurring additional expenditure must be approved and is subject to the approval of the Director of Resources.
- Cash flow requirements must be constantly reviewed.
- The cost of new borrowing is not included or anticipated.
- Interest rate fluctuations.
- The next triennial pension fund valuation will apply from April 2023.
- Uncertain of the continuation of the Cumbria Business Rates Pool.
- The impact of Universal Credit and other welfare reforms.
- Economic downturn.
- Strong and robust financial management.
- New requirements or legislative changes with significant implications.

I. Capital

The Capital Programme is based on the principles set out in the Capital Strategy.

The Programme for this medium term period does not include any borrowing which leads to increased capital costs in the revenue budget. The Programme does include anticipated funding for known grants when projects are confirmed, capital receipts, and the use of the Major Repairs Reserve. The Renewals Reserve may be called upon where Council owned properties require major capital works; this will be informed by the Asset Management Plan.

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The capital receipts include known land disposals that are already identified and in progress – if those receipts are realised then the Programme is fully funded. The projects in future years will not be commissioned until sufficient funding is in place.

For externally funded projects, the Council's policy is not to include schemes in the overall Programme until such time as the sources of funding have been confirmed.

The summarised Capital Programme 2021-2025 is shown below:

| | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 |
|---|------------------|-------------------|-------------------|------------------|
| | £ | £ | £ | £ |
| Programme | | | | |
| Public Housing | 2,183,830 | 2,161,260 | 2,161,260 | 2,161,260 |
| Private Housing | 1,000,000 | 1,310,000 | 1,000,000 | 1,000,000 |
| Housing Market Renewal | 215,000 | 1,341,250 | 2,537,917 | 616,100 |
| Public Buildings | 160,000 | 52,000 | 700,000 | 65,000 |
| Industrial & Commercial Property | 177,840 | 1,696,081 | 477,000 | 222,667 |
| Regeneration & Public Realm | 2,118,934 | 14,279,652 | 20,655,448 | 2,180,669 |
| Contingency | 15,000 | 100,000 | - | - |
| Total of Programme | 5,870,604 | 20,940,243 | 27,531,625 | 6,245,696 |
| Financing | | | | |
| Disabled Facilities Grant | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Accelerated Town Fund | 562,530 | - | - | - |
| European Structural and Investment Fund | 170,653 | 529,347 | - | - |
| Town Deal | 795,667 | 9,489,117 | 10,256,851 | 2,867,367 |
| Heritage Action Zone | 196,435 | 231,100 | 34,665 | - |
| Cumbria Local Enterprise Partnership | 182,843 | 567,157 | - | - |
| Levelling Up Fund | 200,000 | 4,497,115 | 11,295,370 | - |
| Brownfield Land Release Fund | - | 1,519,081 | - | - |
| Major Repairs Reserve | 2,183,830 | 2,161,260 | 2,161,260 | 2,161,260 |
| GF Earmarked Reserves | 130,956 | 516,066 | 293,110 | 27,000 |
| Usable Capital Receipts | 447,690 | 430,000 | 2,490,369 | 190,069 |
| Total of Financing | 5,870,604 | 20,940,243 | 27,531,625 | 6,245,696 |

Any further capital investment is dependent upon generating additional usable capital receipts or securing external funding.

J. Treasury

The Treasury Management Strategy and Capital Strategy are set annually. The Treasury Strategy includes the Prudential Indicators that control all of the Council's treasury activities, the borrowing strategy, the annual investment strategy and credit and counterparty risk management.

CIPFA defines treasury management as: "The management of the local authority's investments and cash flows, its banking, money market and capital market

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transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council is required to set the maximum level, beyond which external debt is prohibited. This limit can only be set or revised by Full Council. This Prudential Indicator is the Authorised Limit for External Debt:

| Authorised limit | 2021-22 Estimate £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m |
|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Total | 55.7 | 54.9 | 55.0 | 55.2 |

The General Fund external debt is long term whilst the Housing Revenue Account has a mixture of maturity dates due to the self-financing exit from the previous Government subsidy regime.

The external debt for MTFP period will be:

| External debt | 2020-21 Actual £m | 2021-22 Estimate £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m |
|---------------------------------|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| At 1st April | 36.479 | 35.479 | 34.479 | 33.479 | 32.479 |
| Expected change | (1.000) | (1.000) | (1.000) | (1.000) | (1.000) |
| Gross debt at 31st March | 35.479 | 34.479 | 33.479 | 32.479 | 31.479 |

K. Housing Revenue Account

From the 1 April 2012 the Housing Subsidy system ended. The Housing Revenue Account is self-financing as set out in its 30 year Business Plan; the rent from the dwellings pays for the upkeep and management of the dwellings.

The Housing Revenue Account remains a ring-fenced account as determined by the Local Government Housing Act 1989.

The Housing Revenue Account budget for 2022-2023 was set by Full Council on the 24 February 2022; a balanced budget with a 3.1% rent increase for dwellings and garages.

For 2022-2023 there is a contribution from the Major Repairs Reserve to cover the increased Housing Maintenance Investment plan

The dwelling stock at the 1 April 2021 was 2,562 and is estimated that there will be 8 sales in 2021-2022 and 14 sales per year assumed for future budget projections.

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The projections out to 2024-2025 show a balanced budget for the Housing Revenue Account; the projections use the same assumptions as the General Fund where applicable, plus dwelling and garage rents increasing by a notional 1% each year to provide an indication of income only. Where any surplus arises it has been allocated to the maintenance budget which fluctuates each year in accordance with the overall housing maintenance programme.

The Housing Revenue Account balance at the 31 March 2022, is projected to be £1,000,000; the minimum balance required is currently £900,000.

The MTFP projection for the Housing Revenue Account is:

| | Approved Budget 2022-2023 £ | Estimated Core Budget 2023-2024 £ | Estimated Core Budget 2024-2025 £ |
|---|--|--|--|
| Expenditure: | | | |
| Repairs and maintenance | 3,712,430 | 3,660,760 | 3,687,320 |
| Supervision and management | 3,893,500 | 3,940,070 | 3,987,890 |
| Rents, rates, taxes and others | 19,000 | 19,380 | 19,760 |
| Depreciation of dwellings | 1,867,340 | 1,867,340 | 1,867,340 |
| Depreciation of other assets | 140,300 | 140,300 | 140,300 |
| Debt management expenses | 16,290 | 16,290 | 16,290 |
| Bad debt provision | 157,030 | 157,030 | 157,030 |
| Total expenditure | 9,805,890 | 9,801,170 | 9,875,930 |
| Income: | | | |
| Dwelling rents | - 10,124,360 | - 10,168,750 | - 10,212,920 |
| Non-dwelling rents | - 395,710 | - 399,650 | - 403,620 |
| Charges for services and facilities | - 1,199,790 | - 1,199,790 | - 1,199,790 |
| Total income | - 11,719,860 | - 11,768,190 | - 11,816,330 |
| Interest payable and similar charges | 862,320 | 836,710 | 809,690 |
| <u>Adjustments under regulations:</u> | | | |
| Voluntary repayment provision | 816,520 | 816,520 | 816,520 |
| Revenue contribution to capital | 293,920 | 293,920 | 293,920 |
| Pension contributions | 19,480 | 19,870 | 20,270 |
| Movement in reserves | - 78,270 | - | - |
| Total adjustments | 1,051,650 | 1,130,310 | 1,130,710 |
| Deficit/(surplus) | - | - | - |

Medium Term Finances Projections

Appendix 1

| | Approved Budget 2022-2023 £ | Eliminate Non- core Items £ | Core Budget 2022-2023 £ | Budget Changes £ | Estimated Core Budget 2023-2024 £ | Budget Changes £ | Estimated Core Budget 2024-2025 £ |
|--------------------------------|--------------------------------------|-----------------------------------|-------------------------------|------------------------|--|------------------------|--|
| Subjective headings: | | | | | | | |
| Staff Related Expenditure | 8,244,520 | - 119,780 | 8,124,740 | 218,730 | 8,343,470 | 224,800 | 8,568,270 |
| Bought-in Supplies & Services | 8,961,400 | - 630,400 | 8,331,000 | 176,660 | 8,507,660 | 181,790 | 8,689,450 |
| Cost of Housing Benefits | 480,930 | - | 480,930 | - | 480,930 | - | 480,930 |
| External Income | - 6,267,440 | 342,340 | - 5,925,100 | 2,960 | - 5,922,140 | 1,580 | - 5,920,560 |
| Internal Income | - 1,045,960 | - | - 1,045,960 | - | - 1,045,960 | - | - 1,045,960 |
| Treasury Management | 1,016,560 | - | 1,016,560 | - 76,000 | 940,560 | - 50,000 | 890,560 |
| Use of Reserves | - 2,548,040 | 2,548,040 | - | - | - | - | - |
| Net Revenue Budget | 8,841,970 | 2,140,200 | 10,982,170 | 322,350 | 11,304,520 | 358,170 | 11,662,690 |
| Budget financed by: | | | | | | | |
| Council Tax Precept | - 5,131,730 | 148,760 | - 4,982,970 | - 150,320 | - 5,133,290 | - 154,450 | - 5,287,740 |
| Settlement Baseline | - 4,447,980 | - | - 4,447,980 | - | - 4,447,980 | - | - 4,447,980 |
| Additional Business Rates | - 1,140,320 | 51,010 | - 1,089,310 | - 84,370 | - 1,173,680 | - 86,060 | - 1,259,740 |
| New Homes Bonus | - 101,560 | - | - 101,560 | 101,560 | - | - | - |
| Other Government Grants | - 360,350 | - | - 360,350 | 219,970 | - 140,380 | - | - 140,380 |
| Prior Year Council Tax | 82,070 | - 82,070 | - | - | - | - | - |
| Prior Year Business Rates | 2,257,900 | - 2,257,900 | - | - | - | - | - |
| Total Revenue Financing | - 8,841,970 | - 2,140,200 | - 10,982,170 | 86,840 | - 10,895,330 | 240,510 | - 11,135,840 |
| Deficit/(surplus) | - | - | - | 409,190 | 409,190 | 117,660 | 526,850 |