

# **MEDIUM TERM FINANCIAL PLAN**

**2022/23 to 2024/25**

**Liberal Democrat Group**



3. FINANCIAL PLANNING 2022 - 2025

RECOMMENDATIONS OF THE LIBERAL DEMOCRAT GROUP

1. Council notes the challenge to our finances of the past couple years and the continuing impact of the pandemic on our budgets. There continues to be uncertainty around funding with the long anticipated reforms around business rates and fair funding now expected from 2023/24 with the Council taking a prudent approach within the Medium Term Financial Plan (MTFP) and reflecting expected losses in resources as a result. Inflation and pay pressure is a key feature of current the MTFP and one that is unlikely to be matched by increases in resources putting further pressure on our budgets.
2. Council further notes the following achievements, enabling services to be protected without steep increases in its council tax:
  - Cashable efficiency savings, sustained even during the pandemic and further cashable efficiency gains in this MTFP of £0.2m per annum
  - Additional income from our investments including our joint venture Three Rivers Homes and Wimbledon The key pressure is around pay – future cost of living increases and additional supplements at the depot.

3. Council agrees the following actions;

- (a) That the Medium Term Financial Strategy and Capital Programme as presented to Policy and Resources on 24 January 2022 be approved subject to the following changes:
  - (i) Following the agreement of Policy and Resources that the £100k capital budget in 2023/24 for Improvements to Play Areas be funded by CIL, the resources freed up fund a £100k budget for Biodiversity.
  - (ii) An additional £60,000 be allocated for pay at the depot funded from an increase in Lower Tier Grant of £1,775, an increase in business rate income of £42,734 as a result of an increase in s.31 grant, and an improved position on the Council Tax Collection fund of £15,491.
- (b) That the 2021/22 revised estimates for the revenue account be agreed giving a balance on the General Fund at 31 March 2022 of **£4,001,560**.
- (c) That the revenue budget for 2022/23 totalling net expenditure of **£13,187,793** and the draft revenue estimates for the period 1 April 2021 to 31 March 2024 giving a balance on the general fund at 31 March 2024 of **£2,420,775** be approved. (Appendix 1)
- (c) That £2.0m be considered as a prudent minimum balance for the general fund.
- (e) That the capital strategy as presented to Policy and Resources Committee on 24 January 2022 be agreed and the total investment programme for 2022/23 be agreed at **£5,973,907**.
- (f) That the arrangements for funding the 2022/25 capital strategy and investment programme resulting in an estimated balance of capital resources at 31 March 2025 of **£2,060,074** be agreed
- (h) That the financial and budgetary risks presented to The Policy and Resources

Committee on 24 January 2022 be approved and their management monitored by the Audit Committee.

- (i) That the position on the financial reserves as presented to the Policy and Resources Committee on 24 January 2022 and the Director of Finance's advice on the robustness of the estimates and the adequacy of the financial reserves are noted.
- (j) That the fees and charges set out in Appendix 2 are agreed and effective from 1 April 2022.

## **STATEMENT OF CHIEF FINANCIAL OFFICER**

Under Section 25 of the Local Government Act 2003, I have a duty to report on the robustness of the estimates and the adequacy of the financial reserves.

With regard to the robustness of the estimates, I have advised the Council that a minimum prudent revenue balance of £2.0m is appropriate having taken into account the risks identified in the financial planning reports presented to members.

The Liberal Democrat Group's proposals for the Medium Term Financial Plan;

1. allows for an increase of £5 in the District's average Council tax charge for 2022/23, and thereafter.
2. uses the assumptions in the Officer base budget presented to the Policy and Resources Committee on 24 January 2022.

Under the assumptions used, the estimates have been correctly calculated, and do not significantly vary the level of risk already identified. They result in a revenue deficit of **£0.340m** in 2022/23 and an estimated general fund balance of **£3.662m**. The General Fund Balance at the end of the MTFP period is projected to be **£2.421m** with a further **£1.803m** available in the Economic Impact Reserve. Capital resources are estimated to be of **2.060m** at 31 March 2025. These reserves are considered to be adequate.

Alison Scott  
Director of Finance (Shared Services)  
22 February 2022

**APPENDIX 1**

**MEDIUM TERM FINANCIAL PLAN 2021/22 to 2024/25**

Funding	2021/22			2022/2023	2023/2024	2024/25
	Original	Latest Budget	Outturn	Forecast	Forecast	Forecast
Council Tax Base (No.)	38,774.3	38,774.3	38,774.3	39,259.8	39,456.1	39,653.4
<b>Council Tax Base Increase (%)</b>	0.00	0.00	0.00	1.25	0.50	0.50
Band D Council Tax (£)	183.90	183.90	183.90	188.90	193.90	198.90
<b>Council Tax Increase - TRDC (%)</b>	0.00	0.00	0.00	2.72	2.65	2.58
Council Tax (£)	(7,130,594)	(7,130,594)	(7,130,594)	(7,416,176)	(7,650,544)	(7,887,064)
<i>Parish Precepts (£)</i>	<i>(2,114,610)</i>	<i>(2,114,610)</i>	<i>(2,114,610)</i>	<i>(2,228,733)</i>	<i>(2,273,320)</i>	<i>(2,318,790)</i>
<b>Total Taxation (£)</b>	<b>(9,245,204)</b>	<b>(9,245,204)</b>	<b>(9,245,204)</b>	<b>(9,644,909)</b>	<b>(9,923,864)</b>	<b>(10,205,854)</b>
Business Rates (£)	(2,495,000)	(2,495,000)	(2,495,000)	(2,801,641)	(2,468,907)	(2,468,907)
Council Tax Collection Fund deficit (£)	0	0	0	(12,648)	0	0
New Homes Bonus Grant (£)	(95,407)	(95,407)	(95,407)	(110,247)	(95,000)	(95,000)
Government Funding (£)	(240,886)	(240,886)	(240,886)	(228,772)	(89,481)	(89,481)
Dividend (£)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>Total Grant Funding (£)</b>	<b>(2,881,293)</b>	<b>(2,881,294)</b>	<b>(2,881,294)</b>	<b>(3,203,308)</b>	<b>(2,703,388)</b>	<b>(2,703,388)</b>
<b>Total Taxation &amp; Grant Funding (£)</b>	<b>(12,126,497)</b>	<b>(12,126,498)</b>	<b>(12,126,498)</b>	<b>(12,848,217)</b>	<b>(12,627,246)</b>	<b>(12,909,235)</b>
	2021/22			2022/2023	2023/24	2024/25
<b>Financial Statement - Summary</b>	Original	Latest Budget	Outturn	Latest	Latest	Proposed
	£	£	£	£	£	£
<b><u>Committee - Net Cost Of Services</u></b>						
Infrastructure, Housing & Economic Development	1,503,822	1,782,422	1,782,422	1,482,312	1,486,472	1,486,472
Leisure, Environment & Community	4,419,325	5,532,949	5,532,949	4,671,310	4,671,890	4,671,890
Policy & Resources	4,789,810	4,053,498	4,053,498	4,783,929	4,797,415	4,797,415
<b>Budget variations</b>	<b>0</b>	<b>0</b>	<b>-129,618</b>	<b>-81,231</b>	<b>91,773</b>	<b>366,773</b>
<b>PIDs growth</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190,500</b>	<b>190,500</b>	<b>190,500</b>
<b>Sub-Total</b>	<b>10,712,957</b>	<b>11,368,869</b>	<b>11,239,251</b>	<b>10,986,820</b>	<b>11,178,050</b>	<b>11,453,050</b>
<b><u>Other</u></b>						
Parish Precepts	2,114,610	2,114,610	2,114,610	2,228,733	2,273,320	2,318,790
Net Transfer from Reserves	(59,910)	(59,910)	(59,910)	(59,910)	(59,910)	(59,910)
Interest Payable & Borrowing costs	381,220	431,220	431,220	302,150	302,150	302,150
Interest Received	(390,011)	(390,011)	(390,011)	(90,000)	(90,000)	(90,000)
<b>Budget variations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-180,000</b>	<b>-380,000</b>	<b>-370,000</b>
<b>Sub-Total</b>	<b>2,045,909</b>	<b>2,095,909</b>	<b>2,095,909</b>	<b>2,200,973</b>	<b>2,045,560</b>	<b>2,101,030</b>
<b>Net Expenditure</b>	<b>12,758,866</b>	<b>13,464,778</b>	<b>13,335,160</b>	<b>13,187,793</b>	<b>13,223,610</b>	<b>13,554,080</b>
<b>Income from Council Tax, Government Grants &amp; Business Rates</b>	<b>(12,126,497)</b>	<b>(12,126,498)</b>	<b>(12,126,498)</b>	<b>(12,848,217)</b>	<b>(12,627,246)</b>	<b>(12,909,235)</b>
<b>(Surplus)/Deficit</b>	<b>632,369</b>	<b>1,338,280</b>	<b>1,208,662</b>	<b>339,576</b>	<b>596,364</b>	<b>644,845</b>

Movement on General Fund Balance	2021/22			2022/2023	2023/24	2024/25
	Original	Latest Budget	Outturn	Latest	Latest	Latest
	£	£	£	£	£	£
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Balance Brought Forward at 1 April	(4,482,894)	(5,210,222)	(5,210,222)	(4,001,560)	(3,661,984)	(3,065,620)
Revenue Budget (Surplus)/Deficit for Year	632,369	1,338,280	1,208,662	339,576	596,364	644,845
<b>Closing Balance at 31 March</b>	<b>(3,850,525)</b>	<b>(3,871,942)</b>	<b>(4,001,560)</b>	<b>(3,661,984)</b>	<b>(3,065,620)</b>	<b>(2,420,775)</b>

Movement on Economic Impact ONLY	2021/22			2022/2023	2023/24	2024/25
	Original	Latest Budget	Outturn	Latest	Latest	Latest
	£	£	£	£	£	£
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Balance Brought Forward at 1 April	(2,102,600)	(1,802,600)	(1,802,600)	(1,802,600)	(1,802,600)	(1,802,600)
COVID-19 Impact for Year	0	0	0	0	0	0
<b>Closing Balance at 31 March</b>	<b>(2,102,600)</b>	<b>(1,802,600)</b>	<b>(1,802,600)</b>	<b>(1,802,600)</b>	<b>(1,802,600)</b>	<b>(1,802,600)</b>

Total Reserves Impact	2021/22			2022/2023	2023/24	2024/25
	Original	Latest Budget	Outturn	Latest	Latest	Latest
	£	£	£	£	£	£
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Balance Brought Forward at 1 April	(6,585,494)	(7,012,822)	(7,012,822)	(5,804,160)	(5,464,584)	(4,868,220)
Impact for Year	632,369	1,338,280	1,208,662	339,576	596,364	644,844
<b>Closing Balance at 31 March</b>	<b>(5,953,125)</b>	<b>(5,674,542)</b>	<b>(5,804,160)</b>	<b>(5,464,584)</b>	<b>(4,868,220)</b>	<b>(4,223,375)</b>

<b>Total Reserves</b>	<b>(5,953,125)</b>	<b>(5,674,542)</b>	<b>(5,804,160)</b>	<b>(5,464,584)</b>	<b>(4,868,220)</b>	<b>(4,223,375)</b>
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