



**BRENTWOOD
BOROUGH COUNCIL**

Brentwood Borough Council
General Fund Budget
2022/23

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Medium Term Financial Strategy 2022/23

Introduction

1. The Corporate Strategy requires that the Council is committed to seeking innovative financial solutions that will allow the Council to deliver a prosperous borough to its residents, businesses and visitors.

In this context the Medium-Term Financial Strategy (MTFS) seeks to:

- Maintain a sustainable financial position against a background of unprecedented financial uncertainty and reduced government funding, including the delivery of efficiency targets.
- Support the vision of our Borough through appropriate identification of resources required to deliver the key priorities outlined in the Corporate Strategy.
- Maximise opportunities and mitigate risks associated with the fundamental change to the way in which local government is financed.

2. This section sets out the key considerations for the MTFS together with the budget position through to 2024/25. The forecasts should be treated with caution because:

- 1) The settlement for 2022/23 is for one year only and based on the spending review 2021 funding levels.
- 2) A formal review of the New Homes Bonus scheme was undertaken during X however the outcome of this consultation is unknown. The budget and financial forecast assume no changes to the scheme for 2022/23 with a single year's new allocation made alongside the outstanding legacy payment for 2019/20. It is assumed that New Homes Bonus payments are not planned beyond 2022/23.
- 3) In the settlement announcement there was no consultation papers published relating to the Fair Funding Review or Business Rates Reset. Therefore, assumptions assume no change, however, it would appear the government intend to make further announcements in the new year before consulting on any potential changes.
- 4) The draft budget and financial forecast assumes a continuation of the present baselines and full retention of local shares of growth, but there is still no certainty for any year beyond 2022/23.
- 5) The business rate multiplier will be frozen in 2022/23 therefore the three elements of Business Retention system remain unchanged. It is unlikely that any other significant changes will take place until 2023/24 or later.
- 6) In response to Covid-19, the existing scheme of retail discounts was considerably expanded, removing rate liability altogether for the whole of 2021/22 for most retail, hospitality, and leisure businesses, for nursery schools and for certain other ratepayers. Concessions have continued for retail, hospitality and leisure for 2022/23 and forecasts have been based on this basis
- 9) There is continued uncertainty over the financial impact of the pandemic on the council. The budget has been prepared assuming a decrease on predominantly car

parking income with any long-lasting impact of the pandemic monitored as they arise during the year.

3. Taking the above into consideration, the assumptions used to forecast future income and expenditure are prudent and realistic.

4. The continued significant reduction in Government Funding and the pressures of COVID-19 have been mitigated in year which means that 2021/22 is forecasted to be in a balanced position in 2021/22.

5. The Council has an ambitious agenda in a current volatile financial climate, that is restricted by government bodies. The Council aims to continue to deliver the services it currently delivers and more. However, through proposed savings and Investment Targets, the MTFs is expected to balance its 2022/23 budget. Beyond 2022/23 deficits are expected to arise and deplete existing working balances if earmark reserves are not utilised. Highlighting that the Council cannot sit still, and further savings, efficiencies and income generation ideas are to be sought to support the aspiring programme arising from the Council's Corporate Strategy. The current position is outlined below.

Table 1 – General Fund Summary

	2020/21 Actual £'000	2021/22 Forecast £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000
Total General Fund Net Expenditure	12,063	9,061	9,147	9,881	10,473
Total Funding	(11,820)	(9,061)	(9,025)	(8,477)	(8,647)
Deficit/(Surplus)	243	0	122	1,404	1,826
Use of Earmarked Reserves	0	0	(122)	0	0
Deficit/(Surplus)	243	0	0	1,404	1,826
Working Balance b/fwd	3,117	2,874	2,874	2,874	1,470
(Deficit)/Surplus	(243)	0	0	(1,404)	(1,826)
Working Balance c/fwd	2,874	2,874	2,874	1,470	(356)

Outturn 2021/22

6. The Medium-Term Financial Forecast reflects the latest outturn projections regarding the delivery of the 2021/22 budget.

7. The outturn for 2021/22 is dominated by the impact of the pandemic on the council's financial position. The estimated impact on the council of additional expenditure and reduced income in 2021/22 is approx. £1.9 million (£3.4 million 2020/21). To offset this, the Government has provided a total of £0.306 million in grants (£0.908 million 2020/21). In addition, an income compensation scheme for lost sales and fees and charges was put in place for 2020/21, this has continued into the first quarter of 2021/22 which is anticipated to compensate the council for around £0.250 million in lost income.

8. Overall, within expenditure there is a significant underspend within the establishment, this is offset with the increased costs of project management support required. Predominantly for the cost of running the Brentwood Centre for the interim period alongside costs in supporting the Local Development Plan through its examination process as well as additional support required to ensure social distancing measures were adhered to. As well as increased costs for additional management support, inflationary pressures have arisen on fuel and utilities.

9. Income pressures are associated with the longer-term impact of COVID-19. Parking income has consistently stayed at 75% of pre-pandemic levels since June 2021. With commuters working more hybrid season ticket income has declined with a reduction in renewals. Expectation is that parking income will remain at these levels as nationally employers encourage its employees to work under hybrid model.

10. Revisions to the minimum revenue provision and allocation of the pension deficit between General Fund and HRA have offset some of the pressures identified, with the new recycling scheme performing above expectation with regard to the income generated from being able to sell the recycling collected. These variances alongside contributing in total to earmarked reserves than planned as resulted in a balance position for 2021/22.

Medium Term Financial Strategy Assumptions

11. The key elements of the forecast are explained in detail as follows:

- Revenue Budget on page 14
- Capital and Investment Strategy (Separate Appendix)

12. The following key areas support delivery of the MTFs and have been considered during the development of the budget:

- Fees and Charges
- Value for Money
- Inward Economic Development
- Leisure Strategy
- Digital Strategy
- Asset Management
- Seven Arches Investment Limited business plan
- Other Regeneration Developments

13. The Council continues to transform the way that it delivers services for the foreseeable future to ensure financial sustainability and the identification of resources for investment in key priority areas identified in the Corporate Strategy, which are:

- Growing our Economy
A thriving borough that welcomes a wealth of business and culture
- Protecting our Environment
Developing a clean and green environment for everyone to enjoy.
- Developing our Communities
Safe and strong communities where the residents live happy, healthy and independent lives.
- Improving Housing
Access to a range of decent homes that meet local needs.
- Delivering an Efficient and Effective Council
An ambitious and innovative council that delivers quality services

14. The Council is continuing to develop its MTFs to deliver the Corporate Strategy outcomes while maintaining working balances and mitigating risk. This will be addressed primarily through:

- 1) Service redesign and delivery of service strategies
- 2) Maximising income generating opportunities
- 3) A focus on supporting inward economic investment.
- 4) Continuously Reviewing fees and charges to ensure full cost recovery, where this is not possible reviewing how the associated services are delivered to reduce costs or accepting a discounted charge in return for an appropriate community benefit.
- 5) Optimising the Council's use of technology to enable new ways of working and improving service quality for our residents.
- 6) Ensuring the Council's assets are used efficiently and effectively

7) Creating Green Initiatives internally and throughout the borough.

15. The MTFS includes allocations for savings to be delivered through process reviews as well as making allowances for business case development and delivery.

16. The Section 151 Officer has made a statutory assessment of the adequacy of reserves taking into consideration the risk and uncertainties facing the Council included in a separate statement.

17. This includes an assessment of the risks posed by the Council's increasingly ambitious investment approach to meeting resident needs and financial imperatives. Given potential volatility in the Council's income and the inherent risks and uncertainties in the assumptions used to prepare the MTFS, it is necessary to ensure that reserves and contingencies are maintained at adequate levels throughout the forecast period (Reserves section and The Section 151 Officers Assurance Statement)

3 Year Medium Term Financial Strategy

18. A 3-year forecast for the General Fund is set out below. The 2022/23 budget does generate a small deficit that is expected to be funded from reserves, ensuring the working balance remains at current levels. Further deficits are forecast with no assumption that earmark reserves will be utilised.

19. Forecasts beyond 2022/23 should be treated with caution due to the extreme uncertainty over the funding position from that year onwards.

20. The base assumptions used to arrive at this conclusion are shown below and correlate with the table.

- 1) **Rebasing** - Services have had their expenditure rebased in line with current costs of service.
- 2) **Realigning** - Services budgets have been realigned to ensure the base budget correctly reflects the current service provision.
- 3) **COVID-19** – reduction in income budgets as a direct result of the pandemic
- 4) **Inflation** - 4% has been applied to contractual obligations for 2022/23, decreasing following years to 2.6% and 2.1% in line with HMT Treasury forecasts.
- 5) **Establishment** - There is a pay award assumption of 2% per annum; plus incremental drift. Pay Award will be deferred until later in the year to review NJC outcome.
- 6) **Vacancy Factor** – 4% vacancy factor is assumed and recalculated based on revised establishment budget.
- 7) **Income** - increases, associated with service income targets.
- 8) **Fees & Charges** - increases, associated with increasing fees & charges by inflationary costs and revisiting demand, ensuring cost recovery basis
- 9) **Funding** - Funding adjustments considering the Provisional Local government Finance Settlement.
- 10) **Growth** - required to budgets as per budget bids being submitted by budget managers and agreed by Senior Leadership Team at Budget Challenges.
- 11) **Savings** – proposed initiatives from services.
- 12) **Recharges to the HRA** - are revisited on an annual basis and the allocation is revised on the proposed budget.
- 13) **Reserves** – Contributions to/from Earmarked Reserves
- 14) **Non Service** – Predominantly Capital Financing, Interest on borrowing for funding the capital program are reviewed annually and updated on revised business and project plans. Minimum Revenue Provision is recalculated based on the policy as set out within the Capital and Investment Strategy.

21. Anyone of these assumptions are an estimate at a point in time. Assumptions provide a basis on which to plan in a very uncertain funding climate. Currently the Council is in a situation where it is difficult to predict with certainty on the government's policy on Fair Funding Review, the financial implications of COVID-19 or any other factors that may affect funding.

Table 2 - Summary of changes to the Base Budget

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Funding Gap b/wd	(204)	(146)	(146)
Add:			
Rebasing (1)	(78)	(88)	(88)
Realigning (2)	613	791	791
COVID-19 (3)	960	853	746
Inflation (4)	64	32	47
Establishment (5)	453	441	590
Vacancy Factor (6)	(70)	(60)	(60)
Increase in Income (7)	(423)	(564)	(435)
Fees & Charges (8)	(130)	(102)	(108)
Funding Adjustments (9)	(703)	(632)	(801)
Growth (10)	214	206	209
Savings (11)	(582)	(582)	(582)
Recharges to HRA (12)	82	83	54
Reserves (13)	(122)	301	324
Non-Service (14)	(74)	871	1,285
Total	0	1,404	1,826
Revised Working Balance b/fwd	2,874	2,874	1,470
(Deficit)/Surplus	0	(1,404)	(1,826)
Revised Working Balance c/fwd	2,874	1,470	356

Appendix 1 details changes made to the base budget to arrive at the revised budget and forecast.

Government Funding

Provisional Local Government Finance Announcement

22. The Provisional Local Government Finance Settlement for 2022/23 was announced on 16 December 2021.

23. It is based on the Spending Round 2021 funding levels, with individual authority allocations based upon Spending Review 2021 and subsequent funding announcements. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

Key headlines from the settlement are outlined below:

- **Council Tax** - The provisional settlement confirmed districts/boroughs will be allowed to apply the higher of the referendum limit of 2% or £5.
- **New Homes Bonus** - The 2022/23 new Homes Bonus allocations have been announced. These will be paid with the legacy payments due from the previous years. As like last year there will be no legacy payments for the 2022/23 in year allocations. The deadweight of 0.4% was maintained.
- **Top Up/Tariff Adjustments (Negative RSG)** - As in previous years, the government has decided to eliminate negative RSG amounts, this is to be funded through its share of business rates.
- **Business Rate Retention** - The three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff / Top Up amounts) have been frozen, as announced at the Spending Round 2020.
- **Lower Tier Service Grant** – A grant introduced in 2021/22 as an unringfenced lower tier services grant of £111m has been established. Brentwood’s allocation is £74k for 2022/23
- **Services Grant** – A new £822m grant, that is expected to remain in future years but will be distributed differently. Brentwood’s allocation is £114k for 2022/23.
- **Local Government Funding reform** – Fair funding review has been postponed to a date yet unknown.

New Homes Bonus Grant

24. The New Homes Bonus was introduced from 2011/12 as a financial incentive and reward for housing growth. The grant is based on a national average Council Tax value of additional homes including any properties brought back into use. There is also an additional premium for affordable homes. The Bonus Grant was intended to be payable for 6 years.

25. The grant for 2019/20 onwards is based upon 4 years and the scheme will now also only reward growth in homes above 0.4% per annum.

26. For 2022/23, the Council is due to receive £0.713m in New Homes Bonus Grant. 2022/23 In year allocation will not have future years legacy payments. The profile of the Grant payments is outlined below. The government has restated its intention to review and reform the scheme and consulted on the scheme from 10th February 2021 until 4th April 2021 but no details have yet been provided from this consultation. It is considered prudent, therefore, not to forecast any further income arising from this scheme until the position is clear.

Table 3 – New Homes Bonus Grant

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Est £'000	Est £'000
Yr 1	255	255	255	255	255	255							
Yr 2		214	214	214	214	214							
Yr 3			330	330	330	330	330						
Yr 4				416	416	416	416						
Yr 5					241	241	241	241					
Yr 6						167	167	167	167				
Yr 7							1*	1	1	1			
Yr 8								1	1	1	1		
Yr 9									509	509	509	509	
Yr 10										177			
Yr 11											19		
Yr 12												204	
TOTAL	255	469	799	1,215	1,456	1,623	1,155	410	678	688	529	713	0

* This figure has been reduced as a result of the top slicing decision announced in December 2016, to fund social care authorities

27. The New Homes Bonus Grant remains a flexible, non-ringfenced fund for Local Authorities to spend as they deem appropriate. This could include:

- Re-investing in housing or infrastructure.
- Support for local services or facilities.
- General financial support to hold down Council Tax levels.

Since its introduction in 2011/12, the Council has used the New Homes Bonus Grant to support the General Fund Budget. For 2022/23, the Council will continue to treat the grant funding as general financial support.

Business Rates Retention

28. The Business Rates retention figure represents the Council's share (40%) of the total amount collected from local businesses, less a tariff payment to central government. The estimated amount for 2022/23 and future year is outlined below. They include payments from the Essex Business Rates Pool or the Government to bring the Council up to Safety Net level (92.5% of the Business Rates Baseline),

Table 4 – Business Rates Retention

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Business Rates Retention	1,634	1,535	1,535	1,535

29. These amounts include a provision for losses resulting from any successful appeals by rate payers against the rateable value of their properties. Appeals are dealt with by the Valuation Office Agency and their success or failure is beyond the Council's control.

30. The figures do not assume a reset of the Business Rates baseline in future years as the timing of a reset is uncertain.

31. The pressure currently facing the Council and Business Rates Retention is due to the ongoing trend of offices being converted to flats as well as primary employers leaving the Brentwood area, which has resulted in a loss of business rates yield.

32. The Council is part of the Essex wide Pool for Business Rates, the pool consists of eleven Essex local authorities including Essex County Council, Essex Fire Authority and nine Borough and District Councils, including Brentwood, as well as one unitary. By pooling, any levy payments that would have been made to Central Government in relation to Business Rates, growth can be saved and distributed to the members of the pool. No additional income has been budgeted for 2022/23 due to the uncertainty of the pool position, and any surplus/deficits are monitored in year.

Total Government Funding

33. A table summarising the Medium-Term Financial Strategy's Total Government funding arising from the Local Government Finance Settlement since 2017/18 and Business Rates is shown below.

Table 5 - Summary of Government Funding

	2017/18 Actual £'000	2018/19 Actual £'000	2019/20 Actual £'000	2020/21 Actual £'000	2021/22 Forecast £'000	2022/23 £'000	2023/24 £'000
Revenue Support Grant	233	Nil	Nil	Nil	Nil	Nil	Nil
Tariff-Top Up Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil
News Homes Bonus	1,155	410	678	688	529	713	Nil
Lower Tier Service Grant	Nil	Nil	Nil	Nil	71	74	74
Covid-19 Funding	Nil	Nil	Nil	982	309	Nil	Nil
Service Grant	Nil	Nil	Nil	Nil	114	114	114
Total	1,388	410	678	1,670	1,023	901	188
Business Rates Retention	1,798	2,220	1,800	1,634	1,535	1,535	1,535
Business Rates Levy Account	Nil	Nil	25	Nil	Nil	Nil	Nil
Total	3,186	2,630	2,503	3,304	2,558	2,436	1,723

The table above highlights the continuous financial pressures the Council faces as Government funding declines.

General Fund Revenue Budget

34. The summary revenue budget and forecast for the budget is outlined below

Table 6 – General Fund Revenue Budget

	2021/22 Forecast £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Growing Our Economy	1,212	1,225	1,251	1,279
Protecting Our Environment	1,898	2,029	2,030	2,033
Developing Our Communities	1,160	1,171	1,176	1,192
Improving Housing (GF)	134	136	128	136
Delivering an Effective and Efficient Council	5,136	5,042	5,095	5,149
Total Corporate Priorities	9,540	9,603	9,680	9,789
Total Non-Service Expenditure	(2,108)	(1,322)	(665)	(182)
Total Cost of Services	7,432	8,281	9,015	9,607
Transfer to/(from) Reserves	1,629	744	866	866
<u>Total Spending Requirement</u>	<u>9,061</u>	<u>9,025</u>	<u>9,881</u>	<u>10,473</u>
<u>Funding</u>				
New Homes Bonus	(529)	(713)	0	0
Business Rates Retention	(1,634)	(1,535)	(1,535)	(1,535)
Other Non-Specific Grants	(630)	(188)	(188)	(188)
Collection Fund Deficit	170	0	0	0
Council Tax Requirement – 2.58% Increase	(6,438)	(6,589)	(6,754)	(6,924)
<u>Total Funding</u>	<u>(9,061)</u>	<u>(9,025)</u>	<u>(8,477)</u>	<u>(8,647)</u>
Total Deficit/(Surplus)	0	0	1,404	1,826
General Fund working balance Brought Forward	2,874	2,874	2,874	1,470
Total (Deficit)/Surplus	0	0	(1,404)	(1,826)
General Fund working balance Carried Forward	2,874	2,874	1,470	(356)

Saving Targets within the Revenue Budget

35. Taking into account known pressures and reduced income that the council continues to face, the Council recognises that further Initiatives are required in order to bring the future Reserves above the minimum level to continue to keep the Council sustainable.

36. Included in Table are the current saving targets built within budget for 2022/23 and future years.

Table 7 - Proposed Saving Targets

Proposed Saving Targets	2022/23 £'000	2023/24 £'000	2024/25 £'000
Corporate Vacancy Factor	(459)	(470)	(479)
Capitalisation Staff Costs *	(50)	(50)	(50)
Digital Efficiencies*	(30)	(30)	(30)
Vehicle Fleet Maintenance	(135)	(135)	(135)
Total Efficiency Targets	(674)	(685)	(694)
Waste Service Income	(365)	(365)	(365)
Leisure Strategy Income	(175)	(175)	(175)
Service Income Generation	(130)	(135)	(136)
Total Income Generation Targets	(670)	(675)	(676)
Total Saving Targets	(1,344)	(1,360)	(1,370)

*Previously in part incorporated within the 2022/23 base budget

Summary of these savings targets are detailed below:

Corporate Vacancy Factor/Organisation Review – to align budgets and encourage managers to deliver a natural saving when recruiting new members of staff. Delay in recruitment processes so that it is not detrimental to the service can achieve a saving on the establishment as the role is in post for a full year. Undertake an organisational review on the establishment to ensure the resources best meet the organisation requirements to deliver the Corporate Strategy whilst making pay scales competitive within the County.

Capitalisation of Staff Costs – Correct time recording can allow staff members costs to be capitalised if their time is spent on a specific capital project.

Digital Efficiencies – Services to continue to maintain reviewing their ways of working and how this affects the digital and ICT usage. Through effective management changes in ways of working can reduce costs associated with ICT usage.

Vehicle Fleet Maintenance – Utilising commercial partners to deliver an in-house vehicle maintenance service for street services.

Waste Service Delivery – Through the embedding of the revised recycling scheme, the scheme can be optimised to generate an income of the recycling collected and further efficiencies achieved.

Leisure Strategy Income – Leisure Strategy Investments included in the Capital Programme, propose to seek future revenue savings, on the development of King Georges Pavilion, creation on a Football Hub and the refurbishment and competitive leasing of the Community Halls. This income has been deferred slightly due to delays following the pandemic.

Service Income Generation – Multiple targets agreed with services to increase income through

Addressing the future Funding deficits

37. Dealing with one year funding settlements is a challenging situation and does not give enough time for the Council to react or plan over the medium term. However the Council recognises the need to set a balance budget, which will require reducing costs and raising revenue for future years in order to reduce the forecasted future year deficits. The position as it stands is based on known assumptions now and is a ‘do nothing’ scenario. Forecasts will continue to be refined through future budget setting cycles.

38. All Services will need to continue to drive through efficiencies and continually review their working practices and operations to deliver efficiency and effectiveness as part of the Council’s Corporate Strategy.

39. Although the future year deficits are increasing significantly from 2023/24, there are a number of initiatives, in addition to the saving targets above that the Council is reviewing that have not yet been factored into the forecasted position within Table 1.

Rochford Partnership – In August 2021 it was agreed for the Council’s Chief Executive to have a shared role between Brentwood Borough Council and Rochford District Council for approx. 6 months. Towards the end of 2021 proposals have been drawn up to establish a formal strategic partnership between the two Councils moving forward from February 2022. This decision will be made at Extraordinary Council on 26th January 2022. Although detail savings have been estimated to be achieved for the partnership, the apportionment of these savings between the councils would need to be agreed following further review of the respective current structures and so have not yet been included within the Medium-Term Financial Strategy. If the decision is decided to go ahead with the partnership, then the forecasted funding gap presented in Table 1 of the future financial years position will expect to reduce.

Financial Initiatives Group (FIG) – During 2021/22 a members working group named, the financial initiatives group was established to ensure that the Council reviews and develops financial initiatives for presentation and consideration by Policy, Resources and Economic Development Committee (PRED) to achieve challenges for future financial years. One of the opportunities which has been identified is to set up a Regeneration Fund, which will be

reported to PRED on 2nd February 2022. Depending on individual business cases for this fund could help the Council identify short term Income generation.

Existing Asset Growth – In the past few years, the Council has increased its property portfolio to manage and maintain regeneration within the borough. The existing Assets do have an element of growth, which the Council intends to focus and prioritise on.

Reserves

Background

40. Section 5 of the Council's Financial Regulations sets out the arrangements for managing and establishing reserves. Section 32 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their Council Tax Requirement.

41 The Section 151 Officer is responsible for providing advice so that decisions taken on reserves represent proper stewardship of public funds. Reserves should be set at a level at least sufficient to meet any unexpected increase in expenditure or shortfall in income in the ensuing year that cannot be met from within the approved budget. Any decision that fails to take into account this advice may require a report to be made to the Council under Section 114 of the Local Government Finance Act 1988

42. Local Government Act 2003 includes a duty on the Section 151 Officer to report, at the time the Council Tax is set, on the robustness of the budget calculations as well as the adequacy of the Council's reserves and other matters (included in Section 151 Officer's Assurance Statement)

43 The Act also provides an enabling power for the Secretary of State to specify a statutory minimum level of reserves (Section 26 of the 2003 Act). The level of reserves is also a factor the External Auditor will consider in appraising the Council's financial standing. In providing advice to the Council on the level of reserves, the Section 151 Officer has also had regard to professional guidance provided by CIPFA

44. These safeguards are further reinforced through detailed scrutiny by our External Auditors, which includes a methodology to assess the financial performance and standing of the authority

45. When reviewing Medium Term Financial Strategy and preparing annual budgets, Members should consider the establishment and maintenance of reserves. These may be held for two main purposes:

- As a working balance (or unallocated reserve) to help cushion the impact of unexpected budgetary pressures.
- As a means of building up funds to meet known or predicted requirements and again to prevent significant fluctuations in net budget cost between years (earmarked reserves).

General Fund Reserves

46. General Fund reserves consist of several earmarked reserves, together with an unallocated general reserve (General fund Working Balance).

47. All reserves and balances form part of the General Fund but the Housing Revenue Account balance is specifically 'ring fenced' for use in connection with that account

48. In addition to the cash-backed reserves described above, local authorities maintain several other reserves in the Balance Sheet. Some are required for statutory reasons and other reserves are required to comply with proper accounting practice. In either case these balances are not available for investment.

49. Reserve balances are determined each year with regard to the current risks prevalent and foreseen at that time. The Section 151's Assurance Statement sets out the Section 151 Officer's view of the risks and uncertainties that the council is currently facing. The reserve balances at 1 April 2022/23 allows for the effect of the 2020/21 outturn position and the forecast outturn for 2021/22.

General Fund Working Balance

50. When determining the budget position for 2022/23 Members have to make a balanced judgement as to the level of unallocated reserves to set for general purposes at March 2022 when considering the medium-term position. They should consider the Council's overall financial strategy for the year and the implications for the forward financial position. This is important given the uncertainties surrounding future years' expenditure and income levels, inflation, interest rates, legislative changes, partnership schemes, other external factors, level of Government grant and areas of identified risk

51. Although there is no statutory minimum level of reserves, the level of the General Fund working Balances is reviewed annually as part of the budget process and an annual risk assessment is undertaken alongside the Councils strategic risk register. Given the overall levels of risk the Section 151 Officer considers that the General Fund working Balance should be maintained above £2 million when setting the budget for 2022/23. £2 million represents approximately 20% of the total Spending requirement for and 5% of the Councils Gross Expenditure of £39.4million for 2022/23.

52. Although the Section 151's Assurance statement report on the adequacy of reserves is specific to 2022/23, the Council should bear in mind that adequacy should also be judged against longer-term plans.

53. The Council is currently predicting the continuation of significant financial pressures every year due to the decrease in Government Funding. Whilst it is not permissible or feasible for the Council to rely on the use of reserves on an ongoing basis to balance its budget, it may apply reserves as part of a short-term strategy to manage, for example, a period of transition during which efficiency savings or income generation ideas are identified to provide a longer-term solution. Until the budgets for each year are balanced it is prudent for the Council to maintain a level of reserves in excess of the minimum recommended level. This is the approach that the Council is taking.

Earmarked Reserves

54. In addition to the General Fund Working Balance, the Council keeps several Earmarked Reserves on the Balance Sheet. These Reserves are required in order to comply with proper accounting practice, whilst others have been created to earmark resources for known or predicted liabilities

The reserves are grouped into 4 types of reserves

- **Mitigation** – Earmarked specifically to mitigate financial risks to the Council.
- **Service** – Monies set aside for services from existing budgets to be used on specific investment Initiatives or projects.
- **Trading** – Trading Accounts are held so that over a period of three financial years the account should balance to zero. Any surplus is considered when setting future years fees and charges.
- **Specific** – Monies that the Council has received that have specific restrictions on how the money can be used.
- **COVID-19** – Monies the Council has received due to the ongoing pandemic.

A summary table of each group is shown below followed by a detailed breakdown of every reserve in each group, as well as the rationale for each reserve.

Table 8a - General Fund Earmarked Reserve Forecast Balances - Summary

Reserve	Opening Balance 2020/21	Forecast Balance 2021/22	Forecast Balance 2022/23	Forecast Balance 2023/24	Forecast Balance 2024/25
	£'000	£'000	£'000	£'000	£'000
Mitigation	1,944	3,276	4,176	5,198	6,220
Service	1,738	2,118	2,073	2,050	2,050
Specific	1,059	601	589	577	577
COVID-19	6,042	477	477	477	477
Total	10,783	6,472	7,315	8,302	9,324

Mitigation Reserves

- a) **Funding Volatility** - Fund to mitigate the uncertainty and financial risks regarding the Government Funding
- b) **Housing Benefit Subsidy Smoothing** - To support the funding of subsidy claims
- c) **Insurance and Risk Management** – To support and mitigate high risks identified through the risk register.
- d) **In Borough Regeneration** – Specifically set aside to mitigate future financing risk on redevelopment of Town Centre project.

Service Reserves

- e) **Asset Management** – Support Asset management team for reactive compliance works.
- f) **Economic Development** – To be drawn down in delivering the corporate strategy aim of growing the economy.
- g) **Election Costs** – To fund election services costs - Reserve has been reduce to zero as it has met the objectives of its purpose.
- h) **Electoral Registration** – fund to be utilised for any unexpected upcoming elections
- i) **Environmental Initiatives** – specifically set aside to support the green agenda for the Council.
- j) **Digital, Customer & Comms** – To fund schemes such as customer service accreditation, customer contact training and development of social media engagement
- k) **High Street Fund** – Held to invest in improving the high streets, generating, and retaining economic growth.
- l) **Legal Resource** – To support legal services with unexpected case work.
- m) **Leisure Contingency** – To support the interim direct management by the Council of the Brentwood Leisure Centre - Reserve has been reduce to zero as it has met the objectives of its purpose.
- n) **LGV Driver Training** – To fund mandatory CPC training for LGV drivers
- o) **Parking Improvements** – To fund specialised cleansing in the multi storey Car park and Parking Strategy. Reserve has been reduce to zero as it has met the objectives of its purpose
- p) **Planning Development** – To fund future costs associated with dealing with planning applications
- q) **Planning Enforcement** – To aid in supporting the planning enforcement work across the borough.
- r) **Rochford Partnership** – New Reserve - To set aside funding required for partnership – Subject to Full Council Decision
- s) **Service Investment and Initiatives Reserve** – to support the Council in mitigating one off costs against the agreed budget for any identified service investment or initiatives in year.

- t) **Street Scene Initiatives** – New Reserve - To fund development of one off initiatives within Street Scene service area.

Specific Reserves

- u) **Community Rights** – Government grant provided to assist in the implementation of the Localism act.
- v) **EU Exit** – To fund preparations required of the Council when the UK exits the EU. Reserve has been reduce to zero as it has met the objectives of its purpose
- w) **Health & Wellbeing** – Available for projects determined by the Brentwood health & Wellbeing board
- x) **Neighbourhood Plan** – A carry forward of government grants to be used in the connection with Doddinghurst and West Horndon neighbourhood plans.
- y) **Open Data Funding** - To support the anticipated additional work for DCN authorities related to open UPRN/USRN data
- z) **Preventing Homelessness** – to aid in meeting the requirements of homelessness and any legislative changes
- aa) **Section 106** – For contributing to costs for public open space improvements; maintaining grounds from previous S106 receipts.
- bb) **Waste Management** - To fund the development of waste management within the Borough. Reserve has been reduced to zero, moved to service reserves and renamed as street scene initiatives.

COVID-19 Reserves

- cc) **Council Tax Hardship Fund** – To fund Council Tax financial hardship for Council Tax Payers
- dd) **COVID 19 Funding Volatility** – To mitigate any financial pressures on services caused by the COVID-19 pandemic
- ee) **ECC – Night Time Economy Grant** – To fund night time economy within the Borough
- ff) **NDR Collection Fund Deficit** – To carry forwards S31 Grants received in 2020/21 to offset the deficit carried forward on the NDR Collection Fund due to the extended Retail Relief Scheme in 2020/21
- gg) **New Burdens CT Hardship Fund & BRR** – To fund the administration of delivering Council Tax and Business Rate Relief
- hh) **New Burdens LADGF** – To fund administration of local authority discretionary grants
- ii) **New Burdens SBSG** – To fund administration of COVID-19 grants to support small businesses
- jj) **Test and Trace Admin** – To fund administration of Test & Trace
- kk) **Tax Income Guarantee Scheme** – To offset future deficits of the Collection Fund

Table 8b - General Fund Earmarked Reserve Forecast Balances

Reserve	Opening Balance 2021/22 £'000	Forecast Balance 2021/22 £'000	Forecast Balance 2022/23 £'000	Forecast Balance 2023/24 £'000	Forecast Balance 2024/25 £'000
Funding Volatility	1,343	1,653	1,531	1,531	1,531
Housing Benefit Subsidy Smoothing	150	150	150	150	150
Insurance and Risk Management	25	25	25	25	25
In Borough Regeneration	426	1,448	2,470	3,492	4,514
Total Mitigation Reserves	1,944	3,276	4,176	5,198	6,220
Asset Management	164	164	164	164	164
Economic Development	300	288	288	288	288
Election Costs	70	0	0	0	0
Electoral Registration	43	43	43	43	43
Environmental Initiatives	92	271	226	203	203
Digital, Customer & Comms	134	92	92	92	92
High Street Fund	200	200	200	200	200
Leisure Contingency	200	0	0	0	0
Legal Resource	100	100	100	100	100
LGV Driver Training	10	10	10	10	10
Parking Improvements	21	0	0	0	0
Planning Development	78	100	100	100	100
Planning Enforcement	130	150	150	150	150
Rochford Partnership	0	300	300	300	300
Service Investment and Initiatives	196	200	200	200	200
Street Scene Initiatives	0	200	200	200	200
Total Service Reserves	1,738	2,118	2,073	2,050	2,050
Community Rights	38	38	38	38	38
EU Exit Grant	53	0	0	0	0
Health and Wellbeing	81	98	98	98	98
Neighbourhood Plan	26	26	26	26	26
Open Data Funding to LA's	1	1	1	1	1
Preventing Homelessness	100	95	95	95	95
(S106) Brentwood Community Hospital	40	40	40	40	40
(S106) Land at Hanover House	10	10	10	10	10
(S106) Nightingale Maintenance	298	286	274	262	262
(S106) Willowbrook Rosen Crescent	7	7	7	7	7
Waste Management	405	0	0	0	0
Total Specific Reserves	1,059	601	589	577	577

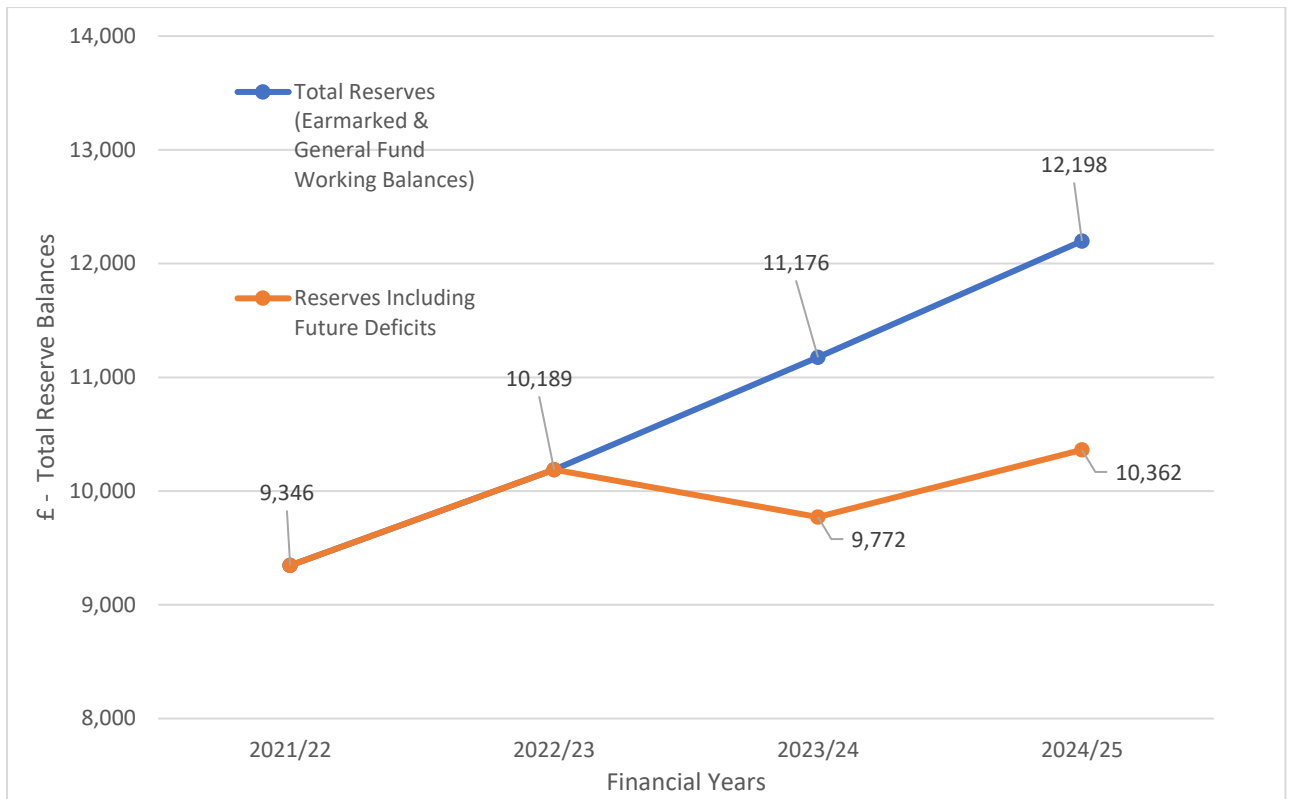
Reserve	Opening Balance 2020/21	Forecast Balance 21/22	Balance 22/23	Balance 23/24	Balance 24/25
Council Tax Hardship Fund	26	26	26	26	26
COVID 19 Volatility	412	0	0	0	0
ECC - Night-time Economy Grant	14	4	4	4	4
NDR Collection Fund Deficit	4,740	0	0	0	0
New Burdens CT Hardship Fund and BRR	20	20	20	20	20
New Burdens LADGF	59	59	59	59	59
New Burdens SBSG Discretionary scheme	130	130	130	130	130
Test and Trace Admin	50	50	50	50	50
Tax Income Guarantee Scheme	591	188	188	188	188
Total COVID-19 Specific Reserves	6,042	477	477	477	477
Total General Fund Earmarked Reserves	10,783	6,472	7,315	8,302	9,324

Utilisation of Reserves Vs Forecasted Deficits

55. Currently the balance on earmarked reserves remain stagnant beyond 2022/23. This is due to the assumption that the reserves will only be utilized if there is a need for expenditure that cannot be met from the base budget. If there are no concrete plans to utilize the reserves or contribute to the reserves it is prudently assumed that the balance will remain unchanged.

56. The current MTFS forecasts a budget gap that increases annually from 2023/24. For 2022/23 the decision is to use Earmarked Reserves to fund this gap, for the short term, however the ongoing deficit assumes no utilization of reserves at this point in time, until future budget setting cycles are undertaken. The graph below highlights the total balance of reserves (available earmarked reserves and the working balances) if these were used against the forecast budget deficits currently predicted if the Council were to not make further cost saving or additional Income generation.

57. The purpose of this graph is to highlight that the forecast beyond 2022/23 does seem bleak, however the Council is able to fund these deficits for the short-term in order to generate savings and income beyond the short-term to become a self-financing and self-sufficient Council. This would mean the use of the earmarked Reserves would not be utilised as originally intended.



Council Tax Base

Council Tax Base calculation

58. Under section 33 of the Local Government Finance Act 1992 (as amended) and supporting Regulations, the Council must make an annual calculation of its tax base. The tax base is the total number of properties on which Council Tax will be charged expressed as a Band D equivalent, after allowing for discounts, exemptions and losses on collection. The method of calculation is prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012

59. The tax base is used in the calculation of the Council Tax Requirement, to produce the standard amount of Council Tax for a Band D property, in relation to both the Borough and the major precepting authorities.

60. As in previous years, the calculation of the tax base has been amended to take account of the Local Council Tax Support (LCTS) Scheme. The replacement of Council Tax Benefit with LCTS effectively reduces the tax base as LCTS is provided as a discount against the Council Tax liability rather than a rebate which was previously repaid to the Council via Government Subsidy.

61. The impact of LCTS, has, in part, been offset by the approved changes to the discounts and exemptions awarded to empty homes. However, the LCTS has increased from 2021/22 and the non-collection rate has reduced by 0.5% resulting in the tax base decreasing in 2021/22 to 33,171.90. This compares to a figure of 33,250.30 for 2020/21. An assumed growth of 0.5% has been included within the Medium-Term Financial Strategy for future years.

62. The calculation of the Council Tax Base for a given year includes an assumption of the percentage of amounts due which are actually collected. The forecast collection rate has been assumed as 98.0% and has been incorporated within the Medium-Term Financial Strategy calculations.

Council Tax Technical Changes

63. In September 2021, Policy Resources and Economic Development (PRED) Committee undertook a review of local Council Tax Discounts. Following a consultation with residents on three discretionary discounts, In November 2021 PRED proposed to make amendments to the scheme of Council Tax Discounts and Premiums with effect from 1 April 2022, using discretionary powers granted by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. The following amendments to the scheme, were recommended and will be considered by Ordinary Council on 23rd February 2022.

- Remove the Council Tax discretionary discount of 100% for 3 months for Empty and Unfurnished properties from 1 April 2022.

- Remove the Council Tax discretionary discount of 10% for Second Homes from 1 April 2022.
- Not change The Council Tax discretionary discount for Empty & Uninhabitable properties from 1 April 2022.

Council Tax Reduction Scheme

64. The arrangements provide for a banded scheme that is easier for customers to apply for and simpler for officers to administer. The basis of the reduction scheme is a calculation based on household income compared with household size, up to a maximum of 100%. The application process is through a simple intelligent online form which, once completed, will make it clear to the customer where they fall within the scheme.

The main elements of the scheme are:

- Entitlement is based on a banded table which compares household income and the members of a household
- Depending on the level of their net income and the household band they fall into,
- working-age customers will receive a percentage reduction of either 100%, 75%, 50%, or 25% and if the customer or their partner are disabled or they have disabled dependent child resident
- Singles or Couples with more than 2 children will be restricted to a Council Tax Reduction as if having 2 children
- Residents with over £6,000 in savings are unable to claim
- Pension age customers remain protected
- Where an apprentice earns more than £195.01 but less than £300 per week and they are the only other adult in a property, they can be disregarded for Council Tax purposes for the term of their apprenticeship – this is to support single parents and school leavers into employment

No changes from last year have been proposed.

Council Tax

Budget and Council Tax Consultation

65. A consultation was undertaken with businesses and residents which covered the council's key spending priorities, service satisfaction, corporate strategy priorities, views on raising funds, driving efficiencies and views sought specifically on council tax levels for 2022/23. The consultation was accessible online, via the council's website, however paper copies were also made available. The consultation ran from 2 September until 3 October 2021 and the exercise was supported by publicity across all the Council's social media platforms, as well as the use of e-newsletters and the use of radio. 254 participants completed the online survey. 1 paper copy was received. A report was taken to the Policy, Resources and Economic Development Committee on 24 November 2021 outlining the outcomes of the consultation which can be found on the Council website.

<https://brentwood.moderngov.co.uk/documents/s21342/Appendix%20A%20Budget%20Consultation%20Analysis%20202223.pdf>

Council Tax Requirement

66. The Council must set its revenue budget and Council Tax Requirement on or before 11 March of the preceding year in accordance with a statutory formula set by Government as described below:

- The amount calculated by the authority under Section 31A of the Local Government Finance Act 1992 as its Council Tax Requirement for the year (this is the net spending on services adjusted for any movements in reserves and transfers to or from the Collection Fund in recognition of a surplus or deficit on that Fund, and includes town, parish and village council precepts);

divided by:

- The amount of the Borough's Council Tax Base calculated in accordance with the 1992 Act and relevant statutory instruments. The tax base for 2022/23 is 33,171.90 which assumes a 98.0% collection rate (inclusive of sums outstanding from prior years).

This will produce the Basic Amount of Council Tax for the year, which is the combined Borough and Parish Council Tax level at Band D.

67. The Council must then determine whether its 'relevant' Basic Amount of Council Tax, i.e. adjusted to exclude the element relating to, Parish precepts, is 'excessive'. The Secretary of State has indicated that, for 2022/23 for District/Borough councils, any increase of 2% or £5 (whichever is the greater) more than the equivalent figure for 2021/22 would be considered excessive.

68. If the Council determines that its proposed relevant Basic Amount of Council Tax is excessive, then it must also make substitute calculations that produce an amount which is

not excessive and put both amounts to a local referendum. More information on this option is given below.

69. The council tax level consists principally of the Collection Fund precepts of the major preceptors and Brentwood Borough Council. This is the basic amount required by each authority to provide its budgeted level of service after allowing for government grant, use of reserves and that authority's share of any surplus or deficit on the Collection Fund. In addition to the precepts of the principal authorities, there will be further precepts for the 9 parishes within the Borough of Brentwood.

70. The estimated balance on the Collection Fund at 31 March 2022 is required to be considered in the calculation of the Council Tax level for 2022/23. The calculation of the balance must be notified no later than 31 January to the major precepting authorities, who are each responsible for their share of any balance. Further information is given in the Collection Fund Section of this report.

Precepts and Council Tax Levels

71. The Council is required by law to approve a council tax requirement for the Council's services and to set the council tax to be levied in the Borough, after taking account of the following preceptors:

- Essex County Council - issues the largest precept on Brentwood's collection fund which means they receive around 70% of Council Tax (before local precepts). The County Council is scheduled to meet on 10 February 2022 to agree its precept.
- The Police, Fire and Crime Commissioner for Essex - is an independent body and is responsible for setting its own budget. The Police and Crime Panel will meet on 3rd February 2022. The precept in respect of the fire service is also due on the same day
- Local Parish, Town and Village Councils. - are separate and autonomous bodies within the Borough that approve their own spending and precept levels for each financial year. The precept for each parish, town and village council has to be included as part of the Borough Council's net overall Council Tax requirement. They are added to the statutory calculation as an average for the Borough as a whole but are levied only in the areas of the Borough affected, according to their precept requirements. Where a precept demand has not been received by the date of the council tax setting meeting an anticipated amount is used as permitted by legislation.

73. Below, is the projected Council Tax element retained by the Council per banding of property, which has been set at a 2.58% increase from 2022/23. These exclude any other precepts and parish precepts.

Table 9 – Proposed Brentwood Borough Council Bandings 2022/23

Band D Brentwood	A	B	C	D	E	F	G	H
2022/23	132.42	154.49	176.56	198.63	242.77	286.91	331.05	397.26

74. The table below compares Parish, Town and Village Council precepts for 2022/23 with 2021/22. This table will be updated for Full Council when all Parish Precepts have been received.

Table 10 – Comparison of Parish Precepts

Parish	Tax Base for Area Band D equivalent	Precept	Precept	Change
		2021/22 £	2022/23 £	%
Blackmore	1,506.70	97,421.00	TBC	0.00%
Doddinghurst	1,195.80	76,014.00	TBC	0.00%
Herongate	1,039.00	48,000.00	TBC	0.00%
Ingatestone and Fryerning	2,372.70	173,839.00	TBC	0.00%
Kelvedon	1,073.60	90,023.00	TBC	0.00%
Mountnessing	586.80	40,000.00	TBC	0.00%
Navestock	244.20	22,000.00	TBC	0.00%
Stondon Massey	337.50	23,995.00	TBC	0.00%
West Horndon	687.80	32,500.00	TBC	0.00%
Total	9,044.10	603,792.00	TBC	0.00%

75. The table below sets out all the Band D calculations across the major and local preceptors and shows the percentage change compared with 2022/23. This table will be updated for Full Council when all Parish Precepts have been received.

Table 11 – Proposed Band D Calculations

Parish	Band D	Band D	Change	Change
	2021/22	2022/23	£	%
	£	£		
Brentwood Council Only	193.63	198.63	5.00	2.58
Essex County Council	1340.91	1,401.12	60.21	4.49
Police, Fire and Crime Commissioner for Essex	208.53	TBC	TBC	TBC
Essex PFCC Fire and Rescue Authority	73.89	TBC	TBC	TBC
Blackmore	64.72	TBC	TBC	TBC
Doddinghurst	63.4	TBC	TBC	TBC
Herongate	45.55	TBC	TBC	TBC
Ingatestone and Fryerning	72.99	TBC	TBC	TBC
Kelvedon	84.1	TBC	TBC	TBC
Mountnessing	67.74	TBC	TBC	TBC
Navestock	89.69	TBC	TBC	TBC
Stondon Massey	70.45	TBC	TBC	TBC
West Horndon	47.58	TBC	TBC	TBC

Collection Fund

Background

76. The Collection Fund is the account into which all council tax and business rate income is paid before being distributed to precepting authorities and central government. It is managed by this Council as the billing authority.

Within the Collection Fund, the accounts for council tax and business rates are separated.

Distribution of Collection Fund Balances

77. Council Tax and Business Rate income for any particular year is distributed over a three-year cycle based on information known at the time of calculating the Council Tax Requirement.

78. A surplus on the Collection Fund arises when actual income collected is greater than the original estimate; conversely when, actual income is lower than estimated a deficit on the Collection Fund occurs. This surplus or deficit is distributed at a later stage with the difference between the original estimate and the revised estimate normally being accounted for in the following year and the difference between the revised estimate and the actual outturn being accounted for in the year after that. However, due to the impact of Covid-19 in 2020/21, the regulations were amended to allow the spreading of the 2020/21 deficit over a three year period from 2021/22 to 2023/24.

Council Tax

79. It is estimated there will be a nil balance for Council Tax on the Collection Fund at 31 March 2022. There will therefore be no surplus or deficit for distributions in 2022/23.

Table 12 - Estimated Collection Fund Surplus/Deficit Distribution in 2022/23

Authority	Amount £
Brentwood Borough Council	Nil
Essex County Council	Nil
Police and Crime Commissioner	Nil
Essex Fire & Rescue Authority	Nil
Total (Surplus)/Deficit	Nil

Business Rates

80. Brentwood is the billing authority for business rates in the Borough. The Collection Fund passes 50% (the central share) to the Government with the other 50% (the local share) being retained locally, and are shared by the Borough (40%), Essex County Council (9%) and Fire & Rescue Service (1%). Year-end surpluses and deficits are accounted for in the following year in proportion to the Central and Local Shares.

81. It is estimated that at 31 March 2022, the balance on the Collection Fund for Business Rates will be a deficit of £11.5m. This is made up of the following:

- £1.4m 2020/21 Exceptional deficit (being spread over a three-year period)
- £0.1m 2020/21 Retail Hospitality & Leisure Reliefs – compensated by S31 grant
- £6.7m 2021/22 Retail Hospitality & Leisure Reliefs – compensated by S31 grant
- £3.2m 2021/22 Other losses: this reflects the continuing trend of office space being converted into residential dwellings, along with other reductions to the business rates base within the borough, many of them backdated a number of years.

82. £0.5m of the 2020/21 exceptional deficit is spread, i.e. carried forward to 2023/24, leaving a deficit of £11m to be distributed in 2022/23 in the proportions stated in the paragraph at the top of the page. The share falling to the Council is £4.4m. This will be offset by S31 grant and a safety net payment from the Essex Business Rates Pool.

Table 13 - Estimated Business Rates Collection Fund Deficit Distribution

Authority	2020/21 Exceptional deficit £000	2020/21 RH&L reliefs £000	2021/22 RH&L reliefs £000	2021/22 Other losses £000	Sub total £000	Spread of 2020/21 exceptional deficit £000	Amount £000
Brentwood Borough Council	561	56	2,686	1,294	4,597	-192	4,405
Essex County Council	126	13	604	291	1,034	-43	991
Essex Fire Authority	14	1	67	32	115	-5	110
Central Government	701	70	3,357	1,617	5,746	-239	5,506
Total Deficit	1,403	140	6,714	3,234	11,491	-479	11,012

Appendix 1 – Detail of Base Changes to MTFS

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Comments</u>
Rebasing				
Car Allowances	-17,250	-17,250	-17,250	Reducing Car Allowance as Hybrid working embeds in the authority
Insurance	-15,530	-15,530	-15,530	Insurance Premiums overinflated
Emergency Planning Call Out	-12,000	-12,000	-12,000	Revision to SLT and ELT allows for allowance to not be utilised
Miscellaneous	-17,510	-11,010	-10,510	Total of small reductions on expenditure lines across services.
Miscellaneous	-15,455	-32,225	-32,495	Total of Small increases in income lines across services
Total Rebasing	-77,745	-88,015	-87,785	
				Comments
Realigning				
Housing Delivery Model	293,150	345,870	345,870	Net Impact of removing Housing Delivery Model as unachievable saving. £1.293m was forecast as an income target.
Community Alarms	15,000	0	0	Community Alarms payment as contract end
Leisure Centre	109,360	109,360	109,360	Sports & Social income reduction with SLM managing centre
Elections	70,000	70,000	70,000	Local Elections costs required in base budget
Office Facilities	23,400	23,400	23,400	Office Facilities Management Service charge increase
Utilities	27,020	27,020	27,020	Utilities - contractual increase fixed until Aug 22. Inflation is then applied to the revised base figure
Rental Income	10,500	10,500	10,500	Realigning income to reflect actual income from PSL properties
Fuel	10,970	10,970	10,970	Fuel Increase - inflation applied to rebased budget
Audit Fee	28,500	28,500	28,500	Increase in External Audit Fees
Broker Fees	10,000	0	0	Increase in broker fees
Software Support	6,280	6,280	6,280	Additional software required for processing payments
Leisure Income	0	150,000	150,000	Realigning income from Leisure activities
Miscellaneous	8,710	8,710	8,710	General realignments of small service budgets.
Total Realigning	612,890	790,610	790,610	

	2022/23	2023/24	2024/25	Comments
COVID-19				
Leisure	10,400	10,400	10,400	Recreation Areas Lease of Land - BC Field income no longer generate
Leisure	2,000	2,000	2,000	Bowling Green Income decrease as struggling for member renewal
Vehicle Fleet	23,000	23,000	23,000	Vehicle Fleet -decision made in light of COVID to no longer do taxi checks
Parking	308,700	308,700	308,700	Parking Season ticket Income. 100 season tickets not being renewed from one individual business plus the loss of individual renewal as employers change the way they work.
Parking	300,000	200,000	100,000	25% decrease on parking income fees and charges
Parking	279,580	279,580	279,580	Parking Licences not renewed in light of COVID associated to businesses in the borough
Taxi Income	30,940	23,940	16,940	Taxi Drivers Licensing income as less Taxi's in the borough and less renewals
Licensing Income	5,570	5,570	5,570	Licensing Act decrease in renewals businesses closing
Total COVID	960,190	853,190	746,190	
Total Inflation	63,425	32,358	46,858	Inflation Applied to contractual commitments.
Salaries				
Salaries	452,753	440,932	589,717	Impact on 2% pay award, National Insurance 1.25% and changes to base establishment.
Total Salaries	452,753	440,932	589,717	
Growth				
Environmental Initiatives	15,500	15,500	15,500	Environmental Initiatives Co Wheels Scheme
Environmental Initiatives	11,000	11,000	11,000	Environmental Initiatives Litter Picking
High Street Planters	10,000	10,000	10,000	Maintenance of the planters in the high street to deter parking.
Golf Course Software	4,000	2,000	2,000	Booking System required for Hartswood Golf Course
Platinum Jubilee	10,000	0	0	Fund to support celebrations in the borough for the Queens Jubilee
Salary Growth	163,770	167,045	170,386	Growth for 4 waste operatives and 1 grounds operative
Total Growth	214,270	205,545	208,886	

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Comments</u>
Vacancy Factor	-69,500	-59,500	-59,500	increase in vacancy factor as salaries have increased.
<u>Savings</u>				
<u>Digital Services</u>	-10,000	-10,000	-10,000	Efficiencies achieved through cost saving schemes on Hybrid working
<u>Vehicle Fleet</u>	-135,000	-135,000	-135,000	Revision to the delivery of vehicle maintenance with a commercial provider
<u>Waste Service Income</u>	-369,497	-369,497	-369,497	Income generation and small efficiency saving through the new embedded recycling scheme
<u>Corporate Resources</u>	-67,250	-67,250	-67,250	Efficiencies achieved.
Total Savings	-581,747	-581,747	-581,747	
<u>Fees & Charges</u>	-129,292	-102,392	-107,892	Increasing Fees & Charges to ensure cost recovery
<u>Income</u>				
Grant Income	-66,020	-66,020	-66,020	Grant Income for audit fees and Health & Wellbeing funding
Sponsorship Income	-35,960	-35,960	-35,960	Increase in Investment Property Income
Equipment Hire	-10,000	-10,000	-10,000	Hire of Grab Lorry when not in use
Food Waste Indexation	-10,770	-10,770	-10,770	Increase in income delayed due to COVID
Recharges to external organisations	-85,365	-85,365	-85,365	Income for services supplied to other authorities.
Borough Wide Street Licence	-5,000	-10,000	-10,000	Introduction of Street Licences extending beyond the high street
Parking Licence	-40,000	-40,000	-40,000	SAIL to lease a floor at MSCP to support the business offering at Baytree
Rental Income	-170,103	-305,581	-177,104	Income for Council Assets including, town hall, shops and strategic acquisitions
Total Income	-423,218	-563,696	-435,219	
<u>Earmark Reserves Adjustments</u>	0	301,179	323,769	Adjustments to reserves from previous years MTFS setting
<u>Recharges</u>	82,400	82,847	53,524	Revision to recharges to HRA based on revised budgets

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>Comments</u>
<u>Non-Service</u>				
Interest	83,690	844,580	1,088,710	Increase in interest payable costs as rates higher than base forecast and borrowing portfolio has increased
Interest Recievable	180,000	180,000	180,000	Revision to interest receivable forecast.
Capital Financing	-339,670	-154,215	17,345	MRP Policy has been aligned with the Treasury Green Book generating a saving initially
<u>Total Non-Service</u>	-75,980	870,365	1,286,055	
<u>Funding</u>				
Council Tax	47,390	47,390	47,390	Decrease in Council Tax base than forecast
New Homes Bonus	-204,566	4	4	Additional one year income, assumption that NHB will not continue
Service Grant	-114,000	-114,000	-114,000	New un-ring fenced grant, will continue beyond 22.23 but will be allocated on a different basis.
Lower Tier Grant	-74,400	-74,400	-74,400	Grant assumed beyond 22.23, predominantly to ensure Council maintains it's Core Spending Power Level.
Council Tax increase	-165,860	-299,010	-468,540	Council Tax generated for £5 increase for 22.23 and then assumed 2% increase onwards
Collection Fund	-191,570	-191,570	-191,570	NNDR deficit expected to be funded through S31 grants
<u>Total Funding</u>	-703,006	-631,586	-801,116	
Total	325,440	1,550,090	1,972,350	
Base Budget	-203,740	-146,380	-146,380	Budget set as per 21.22 MTFS
Total Adjustments	325,440	1,550,090	1,972,350	
Revised Forecast	121,700	1,403,710	1,825,970	Revised Budget and Forecast for 22.23 MTFS