

BUDGET FORECAST 2023/24
SCENARIO PLANNER

| | Per Feb 22 Budget Report 2023/24 £'000 | Forecast Reasonable Best 2023/24 £'000 | Budget Forecast Expected 2023/24 £'000 | Forecast Reasonable Worst 2023/24 £'000 |
|---|--|--|--|---|
| Net Cost of Services | 15,042.7 | 15,028.9 | 15,028.9 | 15,028.9 |
| Capital Accounting Adjustments | (4,349.7) | (4,349.7) | (4,349.7) | (4,349.7) |
| Unallocated Inflation | 600.0 | 1,250.0 | 1,620.0 | 2,000.0 |
| Net Cost of Services | 11,293.0 | 11,929.2 | 12,299.2 | 12,679.2 |
| <u>Corporate Requirements</u> | | | | |
| Contingency Provision | 481.3 | 56.9 | 56.9 | 56.9 |
| Investment Income | (617.2) | (2,617.2) | (2,267.2) | (1,267.2) |
| Borrowing Costs | 145.9 | 145.9 | 145.9 | 145.9 |
| Other Government Grants | (111.0) | (461.1) | (311.1) | (111.1) |
| Provision for NDR Levy | 0.0 | 2,080.0 | 2,080.0 | 0.0 |
| Grants related to business rate reliefs | 0.0 | (2,061.9) | (2,061.9) | 0.0 |
| Transitional arrangements after re-set | 0.0 | 0.0 | 0.0 | (1,000.0) |
| 100% Retention of NDR from Renewable | (398.6) | (398.6) | (398.6) | 0.0 |
| Net General Fund Expenditure | 10,793.4 | 8,673.2 | 9,543.2 | 10,503.7 |
| Contribution to Earmarked Reserves | (186.5) | 1,108.5 | 1,108.5 | (391.5) |
| Contribution to Asset Management Reserves | 1,500.1 | 1,500.1 | 1,500.1 | 1,500.1 |
| Contribution to Capital Reserves | 2,490.3 | 2,490.3 | 2,490.3 | 2,490.3 |
| Total General Fund Expenditure | 14,597.3 | 13,772.1 | 14,642.1 | 14,102.6 |
| Budget Pressures | 0.0 | 350.0 | 632.0 | 1,050.0 |
| Revenue Savings & Income Generation | 0.0 | (1,650.0) | (1,369.0) | (1,025.0) |
| Revised Net Budget | 14,597.3 | 12,472.1 | 13,905.1 | 14,127.6 |
| SURPLUS / (SAVINGS) TO BE IDENTIFIED | (3,614.8) | 1,441.4 | (204.6) | (3,444.2) |
| Budget Requirement | 10,982.5 | 13,913.5 | 13,700.5 | 10,683.4 |
| Funded by: | | | | |
| Council Tax precept | 8,237.6 | 8,237.6 | 8,237.6 | 7,978.4 |
| Special Expenses Levy | 339.9 | 352.9 | 339.9 | 300.0 |
| Business Rates Income | 2,405.0 | 5,323.0 | 5,123.0 | 2,405.0 |
| Total Funding of Budget Requirement | 10,982.5 | 13,913.5 | 13,700.5 | 10,683.4 |

ASSUMPTIONS IN DEVELOPING THE BUDGET FORECAST

Inflation - Increases / decreases in best / worst scenario largely reflect potential for volatility in inflation levels beyond that already forecast.

Investment Income - interest rates have begun to steadily increase with further increases forecast that are hard to predict. Changes in the assumptions here reflect changes to the assumed rate that rates will increase.

NDR Levy - In the expected and best case scenarios, retained growth is sustained for 2023/24. This will mean that a levy is payable on retained growth. In the worst case scenario, a full re-set happens from April 2023 with no levy due on the new baseline.

NDR Grants - An estimate of government grants in compensation for business rates relief schemes that reduce the net income received from business rates.

Renewable Energy Retention - In the expected and best case scenarios, the Council retains income from business rates on renewable energy hereditaments. In the worst case scenario, a full re-set happens from April 2023 and this retention is lost.

Contributions to Reserves - the base budget includes a number of mandatory and discretionary transfers to reserves. These are assumed to continue in accordance with the MTFS in the expected case. Any increase or decrease to these contributions will have a direct impact on the budget gap.

Savings & Pressures - Several potential pressures have been identified in the covering report and an allowance is made for them in the expected forecast. The best / worst case scenarios allow for better or worse

Council Tax precept - Assumes a £5 increase in best and expected cases, with a freeze in the worst case.

Special Expenses Levy - Assumes the charge increases in line with TVBC main precept. Higher tax base assumption in best case.

Business Rates Income - Best and expected case based on continuation of current figures. Worst case reflects full re-set with all accumulated growth lost.

Medium Term - All accumulated business rates growth taken out in expected forecast, with draws from reserves and damping arrangements in place over the medium term period.

SUMMARY OF INCOME GENERATION PROPOSALS

| Service | Function | Savings Option Proposed | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|--|-----------------------------------|--|--------------------------|--------------------------|--------------------------|
| Legal & Democratic | Legal | Increased Legal Fee income based on previous year's actuals | 8 | 8 | 8 |
| Property & Asset Mgmt | Investment Properties | Additional income identified based on rent reviews to date and approved new property acquisitions | 505 | 647 | 647 |
| Property & Asset Mgmt | Public Halls | Increase in Hire of Halls following reduction due to Covid | 15 | 15 | 15 |
| Environmental Services | Waste Collection | Sale of dry, mixed recycling. This has been volatile but higher in last couple of years. Increased in line with expectations from last year. Short term only as HCC retaining income from 2024 | 200 | 200 | 0 |
| Environmental Services | Green Waste | Garden waste subscriptions income increased to be in line with current income levels | 100 | 100 | 100 |
| Environmental Services | Waste & Recycling | Sale of glass. Increased in line with expectations from current and prior year. May be short-term with waste reform plans. | 36 | 36 | 0 |
| Environmental Services | Street Cleaning | Trolley returns income increased to be more in line with current trend and prior year. | 20 | 20 | 20 |
| Planning and Building | Development Control & Enforcement | Increase in legal fees to reflect higher than expected income this year | 10 | 10 | 10 |
| Community & Leisure | Managed Sports Facilities | Indexation of management fee income | 175 | 175 | 175 |
| Total Income Generation Proposals | | | 1,069 | 1,211 | 975 |

SUMMARY OF REVENUE PRESSURES

| Service / Ref | Service | Item | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|------------------------|-----------------------------|--|--------------------------|--------------------------|--------------------------|
| PAM | Parking | Increase in car park maintenance requirements, particularly linked to Chantry Centre multi-story car park. | 32 | 32 | 32 |
| Environmental Services | Vehicle Workshop | Increases in fuel prices | 30 | 20 | 20 |
| IT | Infrastructure | To cover the cost of new Teams / digital back up solution. | 7 | 7 | 7 |
| Plan Pol & Econ Dev | Local Development Framework | To fund salary, legal and project costs beyond balance held in LDF reserve. | 63 | 139 | 100 |
| Total Pressures | | | 132 | 198 | 159 |

MEDIUM TERM FINANCIAL PLAN

| | Budget Forecast 2023/24 £'000 | Base Changes £'000 | Budget Forecast 2024/25 £'000 | Base Changes £'000 | Budget Forecast 2025/6 £'000 |
|---|--|--------------------------|--|--------------------------|---------------------------------------|
| <u>Service Requirements</u> | | | | | |
| Chief Executive's Office | 14.0 | | 14.0 | | 14.0 |
| Community & Leisure | 2,845.6 | 31.7 | 2,877.3 | 82.3 | 2,959.6 |
| Environmental Service | 6,435.1 | 306.0 | 6,741.1 | | 6,741.1 |
| Finance & Revenues | 1,793.2 | | 1,793.2 | | 1,793.2 |
| Housing & Environmental Health | 2,898.1 | | 2,898.1 | | 2,898.1 |
| I.T. | (5.2) | (20.0) | (25.2) | | (25.2) |
| Legal & Democratic | 42.1 | | 42.1 | | 42.1 |
| Planning & Building | 2,309.3 | | 2,309.3 | | 2,309.3 |
| Planning Policy & Economic Development | 1,605.0 | | 1,605.0 | | 1,605.0 |
| Property & Asset Management | (5,006.8) | 59.8 | (4,947.0) | 246.8 | (4,700.2) |
| Strategy & Innovation | 46.5 | (26.6) | 19.9 | | 19.9 |
| Inflation | 1,620.0 | 800.0 | 2,420.0 | 800.0 | 3,220.0 |
| | 14,596.9 | 1,150.9 | 15,747.8 | 1,129.1 | 16,876.9 |
| <u>Other Requirements</u> | | | | | |
| Net Cost of Benefit Payments | (20.8) | | (20.8) | | (20.8) |
| Corporate & Democratic Core | 2,072.8 | | 2,072.8 | | 2,072.8 |
| Net Cost of Services | 16,648.9 | 1,150.9 | 17,799.8 | 1,129.1 | 18,928.9 |
| <u>Corporate Requirements</u> | | | | | |
| Contingency Provision | 56.9 | | 56.9 | | 56.9 |
| Depreciation Reversal & Capital Charges | (4,554.1) | | (4,554.1) | | (4,554.1) |
| Investment Income | (2,267.2) | 200.0 | (2,067.2) | | (2,067.2) |
| Borrowing Costs | 145.9 | (5.5) | 140.4 | (6.5) | 133.9 |
| Minimum Revenue Provision | 204.4 | 4.5 | 208.9 | 4.7 | 213.6 |
| Small Business Rate Relief & other S31 grants | (2,061.9) | 2062.0 | 0.1 | | 0.1 |
| Other Government Grants | (311.1) | 200.0 | (111.1) | | (111.1) |
| New Homes' Bonus | 0.0 | | 0.0 | | 0.0 |
| Provision for NDR Levy | 2,080.0 | (2,080.0) | 0.0 | | 0.0 |
| 100% retention of NDR from Renewable Energy | (398.6) | | (398.6) | | (398.6) |
| Net General Fund Expenditure | 9,543.2 | 1,531.9 | 11,075.1 | 1,127.3 | 12,202.4 |
| Transfer to Earmarked Reserves | 1,108.5 | (1,705.1) | (596.6) | 417.7 | (178.9) |
| Transfer to Asset Management Reserves | 1,500.1 | | 1,500.1 | | 1,500.1 |
| Transfer to Capital Reserves | 2,490.3 | | 2,490.3 | | 2,490.3 |
| Total General Fund Expenditure | 14,642.1 | (173.2) | 14,468.9 | 1,545.0 | 16,013.9 |
| Revenue Pressures | 632.0 | 66.0 | 698.0 | (39.0) | 659.0 |
| Savings Options | (300.0) | 0.0 | (300.0) | 0.0 | (300.0) |
| Income Generation Proposals | (1,069.0) | (142.0) | (1,211.0) | 236.0 | (975.0) |
| Revised Net Budget | 13,905.1 | (249.2) | 13,655.9 | 1,742.0 | 15,397.9 |
| FURTHER SAVINGS TO BE IDENTIFIED | (204.6) | (1,127.7) | (1,332.3) | (1,895.8) | (3,228.1) |
| General Fund Requirements | 13,700.5 | (1,376.9) | 12,323.6 | (153.8) | 12,169.8 |