

NOTICE OF MEETING

Meeting: CABINET

Date and Time: WEDNESDAY, 7 SEPTEMBER 2022, AT 10.00 AM*

Place: COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYNDHURST, SO43 7PA

Enquiries to: democratic@nfdc.gov.uk
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PUBLIC PARTICIPATION:

Members of the public may watch this meeting live on the [Council's website](#).

*Members of the public may speak in accordance with the Council's public participation scheme:

- (a) immediately before the meeting starts, on items within the Cabinet's terms of reference which are not on the public agenda; and/or
- (b) on individual items on the public agenda, when the Chairman calls that item. Speeches may not exceed three minutes.

Anyone wishing to speak should contact the name and number shown above no later than 12.00 noon on Friday, 2 September 2022.

Kate Ryan
Chief Executive

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This Agenda is also available on audio tape, in Braille, large print and digital format

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 29 July 2022 as a correct record.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services

prior to the meeting.

3. PUBLIC PARTICIPATION

To note any issues raised during the public participation period.

4. VEHICLE AND PLANT REPLACEMENT PROGRAMME 2022/23 – 2023/24
(Pages 3 - 8)

5. UPDATED RISK MANAGEMENT POLICY AND STRATEGIC RISK REGISTER
(Pages 9 - 30)

6. MEDIUM TERM FINANCIAL PLAN 2022 ONWARDS (Pages 31 - 50)

7. MEETING DATES

To agree the following dates of meetings for 2023/24 (Wednesdays at 10.00am):

3 May 2023 (already agreed)	7 February 2024
7 June 2023	21 February 2024
5 July 2023	6 March 2024
2 August 2023	3 April 2024
6 September 2023	1 May 2024
4 October 2023	
1 November 2023	
6 December 2024	

To agree the following additional meeting date in 2022/23 (Wednesday at 10.00am):

15 February 2023

To:	Councillors	Councillors
	Edward Heron (Chairman)	Steve Davies
	Jill Cleary (Vice-Chairman)	Michael Harris
	Diane Andrews	Jeremy Heron
	Geoffrey Blunden	David Russell

CABINET – 7 SEPTEMBER 2022

**PORTFOLIOS: ENVIRONMENT AND
COASTAL SERVICES,**

**FINANCE, INVESTMENT AND CORPORATE
SERVICES**

VEHICLE AND PLANT REPLACEMENT PROGRAMME 2022/23 AND 2023/24

1. RECOMMENDATIONS

- 1.1 That the Cabinet recommend that Council approve a 2023/24 Vehicles and Plant Replacement budget of £2.400 million, to accommodate the purchases originally intended to be made in 2022/23, whilst noting the revenue implications to be picked up within the Council's Medium Term Financial Plan.
- 1.2 That the Cabinet note the intention to present the broader replacement programme for 2023/24 as part of the Council's Medium Term Financial Planning.

2. INTRODUCTION

- 2.1 The Council's vehicles and plant (V&P), required for frontline services, are replaced according to an annual programme which is set as part of the Council's annual budget process.
- 2.2 The replacement programme for 2022/23 has been reviewed in light of procurement requirements and extended vehicle lead times, and this review indicates that 42% of the planned spend on replacements will not be achieved within the current financial year.
- 2.3 Through the Financial Monitoring Report presented to the Cabinet in July, some items originally due replacement in 2022/23 have been rephased to 2023/24.
- 2.4 Latest market testing has shown significant increases in prices, which will affect the size of the budget required in 2023/24. Council approval is needed so that the procurement and ordering of these assets can be progressed.
- 2.5 As part of its commitment to the Climate and Nature Emergency, the Council is also considering its options for alternative fuels.

3. BACKGROUND

- 3.1 The Council has a fleet of 265 vehicles and plant items, which deliver operational services, primarily:
 - Waste and Recycling
 - Housing Maintenance
 - Streetscene & Grounds Maintenance
 - Parking Enforcement and Engineering Works
- 3.2 These assets are procured and maintained by the Council's in-house Transport department. All assets are placed on the overarching replacement programme, with assets being replaced at the end of their economic life (which considers individual maintenance records as opposed to being purely time driven).

3.3 The budget for replacement vehicles and plant in 2022/23 was agreed as part of the Medium-Term Financial Plan and Annual Budget report to Cabinet in February 2022. The original budget for 2022/23 was set at £3.081 million. This was made up of a gross £3.581 million total programme cost, with a £500,000 rephasing adjustment included.

4. CHALLENGES IN DELIVERY OF THE V&P REPLACEMENT PROGRAMME

Timelines

4.1 The original 2022/23 programme was large and complex with over 80 individual assets due for replacement. Many of these assets include ancillary equipment including racking and tracking, which must be accounted for in individual specifications and agreed with the end-user departments. As explained further in 4.3, there was also an issue with one of our appointed suppliers which has led to a delay in the procurement of some assets.

4.2 The vehicle manufacturing sector has suffered from lengthening lead times for the supply of assets from point of order, as a result of covid-19 and Brexit and more recently the war in Ukraine. The council assesses lead times as part of the procurement process, but the recent changes in lead times are significant - for example:

Item	Approx. lead time 2019	Approx. lead time 2022
Panel van (transit size)	16 weeks	48 weeks
Refuse collection vehicle (HGV)	26 weeks	54 weeks

4.3 These lead times mean that it is becoming increasingly difficult to both order and receive new assets within the same financial year. The Council has also had issues in collaborating with the winning tenderer for most of the Light Commercial Vehicles (LCV's). This tenderer could not fulfil the required specification at the tendered price, leading to the contract being cancelled and the procurement process restarted.

4.4 As a result of these delays, some assets due for replacement in 2022/23 need to be re-phased into 2023/24. Net rephasing of £1.281 million was included within the April - June Financial Monitoring Report, presented to the Cabinet on 29th June 2022, leaving a budget for 2022/23 of £1.800 million.

Pricing

4.5 The current rate of inflation and the global pressures mentioned earlier are leading to a significant increase in cost for some items that will be rephased into 2023/24. The average price change for these items is +33%. The implications of this are shown in section 6.

4.6 The Council has two options for the award of contracts for the items that have been rephased to 2023/24;

1. **A Direct Award** – uses a Framework that has been set up to allow other Authorities to direct award. It can be used by NFDC to get quotations and award directly to the highest ranked supplier under the relevant Lot of the Framework that the vehicle requirement falls under. The highest-ranking

supplier has been scored by the framework organisers; The Procurement Partnership Ltd (TPPL) and Hertfordshire County Council (HCC). The scores are based on cost and quality. Using the top ranked supplier mitigates the risks of further delays and provide the service the organisation expects.

2. **Use a framework to run a Mini Competition**, will involve another Tender exercise which will take two to three months to set up, advertise score and award. This will increase the time for the replacements to arrive. This would allow the council to reassess quality and prices but may not result in an overall benefit.

- 4.7 Based on the dynamic set of circumstances that NFDC have and is enduring, the Direct Award option will be adopted.
- 4.8 The full scope of the 2023/24 replacement programme will be worked up over the summer and into the early Autumn, with a view to gaining Council approval within the Council's Medium Term Financial Planning for the original programme budget for 2023/24 in advance of February 2023. Ahead of that, this report seeks approval for a 2023/24 budget, to accommodate the replacement of the V&P rephased from 2022/23.
- 4.9 The replacement programme will consider the impending revised waste collection service to be rolled out following the adoption of the new Waste Strategy and will include a review of low-emission alternatives to traditional diesel vehicles.

5. FINANCIAL IMPLICATIONS

Capital

- 5.1 The table below shows the status of the 2022/23 replacement programme, along with the status of the 2023/24 forecast, relating to the rephased vehicles from 2022/23:

	2022/23	2023/24
	Budget	Budget
Original 2022/23 Programme Total	3,581,000	
Original Rephasing Allowance	(500,000)	500,000
Original Budget Set February 2022	3,081,000	500,000
Rephasing - April - June FM Report from 2022/23	96,000	
Rephasing - April - June FM Report into 2023/24	(1,377,000)	1,377,000
Latest Approved Budget	1,800,000	1,877,000
Inflation Adjustment Required	0	523,000
Total Forecast Cost - Rephased 2022/23 Vehicles		2,400,000

- 5.2 At this stage therefore, Cabinet are being asked to recommend Council approve a 2023/24 Capital Budget of £2.400 million, to ensure vehicles originally intended for replacement in 2022/23 can be procured and replaced in 2023/24. It should also be noted that this budget is based on most recent market information available, but the price of individual items will not be known until the procurement process is complete.
- 5.3 As outlined in paragraph 4.8, the broader Capital budget for 2023/24, to consider the V&P scheduled for replacement in 2023/24 will be brought back to the Cabinet and onto Council through the Council's Medium Term Financial Plan.

Revenue

- 5.4 Due to the increase in prices as shown above, there is a knock-on implication to the revenue budgets (split between GF and HRA) as the costs of the Vehicles are depreciated over the period of their useful economic life. The full impact of the additional £523,000 capital outlay required is approximately £90,000 in a full year.
- 5.5 The next Financial Monitoring Report will pick up on the revenue implications to 2022/23 as a result of the rephasing's into 2023/24. The Medium-Term Financial Plan will pick up on the impact of the increased costs in the 2023/24 programme.

6. CRIME & DISORDER IMPLICATIONS

- 6.1 There are none

7. ENVIRONMENTAL IMPLICATIONS

- 7.1 The council declared a Climate and Nature Emergency in 2022. Reductions in council vehicle emissions are a key element of this work. One of the criteria assessed when scoring vehicle/plant tenders from suppliers is the level of CO2 emissions in grammes per km. This leads to lower emissions being scored higher. Suppliers are also asked to describe how the vehicle/body can be made more environmentally friendly.
- 7.2 The council is also running a trial using Hydrogenated Vegetable Oil (HVO) in a small number of vehicles in the existing fleet. HVO should lead to lower emission levels compared to diesel fuel. This trial will provide data on vehicle efficiency, emissions, and costs.
- 7.3 Opportunities for vehicles with lower emission levels are currently being explored by an officer working group which will report its findings later in 2022.

8. EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 There are none.

9. DATA PROTECTION IMPLICATIONS

- 9.1 There are none.

10. PORTFOLIO HOLDER COMMENTS – ENVIRONMENT AND COASTAL SERVICES

- 10.1 This comprehensive report describes the challenges that the Council faces with the Vehicle and Plant programme. Some vehicle replacements will take longer than planned impacting on budgets for next year. This situation cannot be avoided but I am confident that our officers are making the right recommendations.
- 10.2 I am pleased that the Council continues to demonstrate its commitment to the Climate and Nature Emergency and that options for alternative fuels are being investigated.

11. PORTFOLIO HOLDER COMMENTS – FINANCE, INVESTMENT AND CORPORATE SERVICES

- 11.1 Within the vehicle plant and replacement programme we face a number of challenges the first being that of supply, recent global events have resulted in a shortage of raw materials with an inevitable knock on effect with delivery dates. As with any shortage of supply there is also an impact on price further exasperated by the rising level of

inflation resulting in a significant increase in price. Our third, although slightly less challenging issue, is the change to vehicle and plant to reflect this Council's commitment to reducing its carbon footprint and the use, where possible, of renewable and greener energy.

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Background Papers:

None

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CABINET – 7 SEPTEMBER 2022

PORTFOLIO: LEADER

UPDATED RISK MANAGEMENT POLICY AND STRATEGIC RISK REGISTER

1. RECOMMENDATIONS

- 1.1 Cabinet are asked to recommend Council adopt the Risk Management Policy and the updated Strategic Risk Register.

2. INTRODUCTION AND PURPOSE

- 2.1 The Risk Management Policy (Appendix 1) has been created to give clarity of approach to risk management at the Council, and to helpfully define process and roles and responsibilities. This gives a structured approach to ensure risks and opportunities are reviewed across all Services, Portfolio's and Corporately, in a consistent way.
- 2.2 The Council's Strategic Risk Register (Appendix 2) has been reshaped to truly focus on the highest level of strategic risk to the Council. The previous version was driven bottom-up and was overly service focused. Although these risks were of a high level, they were not strategic in nature. The risks listed are now purely strategic and this will assist further in the Council achieving the priorities set out in the 'Community Matters Corporate Plan 2020-24'.

3. BACKGROUND

- 3.1 Risk management aims to identify the risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
- 3.2 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations; which require a sound system of internal control, facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk. As such it features strongly in the Council's Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement, which places significant reliance on a robust risk management framework.

4. RISK MANAGEMENT POLICY

- 4.1 Developing and improving public services requires opportunities to be taken whilst managing the risks involved. In recent years all sectors of the economy have focused on management of risk as the key to making organisations successful. It enables organisations to deliver their objectives whilst protecting the interests of their stakeholders. New Forest District Council is dedicated to providing its stakeholders with the best possible service.
- 4.2 The effective management of risk is central to providing a safe and healthy environment in which to live and work and it allows the Council to make the most of opportunities, whilst understanding and minimising the risks, where possible. This policy sets out how New Forest District Council manages its risks, and what we aim to do in the future to maintain our high standards in this area.

4.3 The Risk Management policy, in Appendix 1, shows the Risk Matrix on page 7, with scores displayed in green (low), amber (medium) and red (high):

		I M P A C T			
		Low (1)	Moderate (2)	Major (3)	Significant (4)
L I K E L I H O O D	Highly Likely (4)				
	Likely (3)				
	Unlikely (2)				
	Highly Unlikely (1)				

4.4 The grid, and specially the scoring thresholds behind the low, medium and high ratings is based on the Council’s risk appetite, i.e. at what score is a risk considered to be low, thus requiring less monitoring and attention, and conversely, at what score is a risk considered to be high therefore requiring action plans to bring the score down to a medium level.

4.5 The proposed Matrix as included within the updated Policy shows that risks scoring a combination score:

- nine to sixteen, are high,
- four to eight, whereby the 4 is the extremity of impact or likelihood, are medium
- one to four, whereby the 4 is the middle ground between impact and likelihood, are low

5. STRATEGIC RISK REGISTER

5.1 The refreshed Strategic Risk Register (Appendix 2) captures strategic risks inherent to New Forest District Council as a Tier 2 Local Authority. It scores the risks, and includes proposed actions to mitigate these risks. The mitigation offered is closely aligned to portfolio resource and in some cases relies on working with partners to help achieve the objectives.

5.2 The Strategic Risks cover the 7 areas, listed below, which will give a more focused and targeted approach to mitigation and maximise any opportunities as they arise:

1. Supporting Communities
2. Achieving future financial resilience
3. Ensuring efficient and effective internal control, governance and compliance
4. Creating the right culture, capacity and capability
5. Ensuring robust security measures to protect the Council’s data and assets from external threats
6. Ability to be agile and shift focus in response to policy and national political change
7. Delivering Council Services through adverse conditions

5.3 The Strategic Risk Register will be reviewed by EMT 6 monthly and will then be presented to Audit Committee and Cabinet. This will ensure that the strategic risks are being monitored on a frequent basis. Council will receive an update of the Strategic Risk Register on an annual basis.

5.4 The new Strategic Risk Register takes into account significant cross cutting corporate strategic risks. Portfolio risks will continue to be reported on within portfolio dashboards. Portfolio risks, which intends to manage the risk of achieving specific priorities continue to be reported on in the dashboards.

6. AUDIT COMMITTEE COMMENTS

6.1 Audit Committee reviewed the proposed Risk Management Policy and updated Strategic Risk Register on 29 July 2022. The committee supported the updated policy and Strategic Risk register and made some helpful observations which have now been reflected in the documents presented within this report.

The Committee feedback led to a review and an updating of the likelihood table as included within the Risk Management Policy. The Strategic Risk Register has also been updated, taking on board the comments from the committee.

7. FINANCIAL IMPLICATIONS

7.1 There are none arising directly from this report, although strong risk management and a solid understanding of risk helps to support robust financial management.

8. ENVIRONMENTAL MATTERS AND EQUALITY & DIVERSITY IMPLICATIONS

8.1 There are no direct environmental or equality and diversity implications arising from this report.

9. DATA PROTECTION IMPLICATIONS

9.1 There are no data protection implications arising from this report.

10. PORTFOLIO HOLDER COMMENTS

10.1 The Council's Strategic Risk Register seeks to identify, and to the extent that is practicable and proportionate, mitigate strategic risk. I am grateful for the work of Officers and the Audit Committee in reviewing the register, current mitigation measures and actions proposed to further mitigate current residual risk. I support the recommendation.

For further information

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Risk Management Policy

2022

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1. Introduction

The Council believes that risk needs to be managed rather than avoided and that consideration of risk should not stifle innovation and creativity.

This policy outlines the approach the Council takes with regards to its responsibility to manage risks and opportunities using a structured, focused and proportional methodology. Risk management is integral to all policy and project planning and operational management throughout the Council and integrates with our corporate governance and performance management

This approach to risk management actively supports the achievement of the agreed actions, projects and programmes included as set out in the Council's adopted Corporate Plan.

2. Risk Management Policy Statement

We recognise risk management as a vital activity that underpins and forms part of our vision, values and strategic objectives, including operating effectively and efficiently, as well as providing confidence to our community. Risk is present in everything we do and it is our policy to identify, assess and manage key areas of risk on a proactive basis. We seek to embed risk management, within operations and developments at New Forest District Council. Risk management needs to be embedded throughout all processes, projects and strategic decisions. This includes procurement and contracting, and we will ensure partnerships and third-party relationships are fully compliant with the risk management policy and strategy of the Council.

Our approach to risk management needs to be fit for purpose, reflect our size and the nature of our various operations, and use our skills and capabilities to the full. Risk management is most effective as an enabling tool, so we need a consistent, communicated and formalised process across New Forest District Council. It is important to define the level of risk exposure that the Executive Management Team considers acceptable for the organisation. This creates a clear picture of which risks will threaten the ability of New Forest District Council to achieve its objectives.

The risk management policy statement and supporting documentation form an integrated framework that supports New Forest District Council in managing risk effectively. In implementing our risk management policy, we provide assurance to all stakeholders that risk identification and management plays a key role in the delivery of our Corporate Plan priorities and related objectives. We will involve, empower and give ownership to all staff to identify and manage risk. Risk management activity will be regularly supported through discussion and appropriate action by senior management.

This will include thorough and regular review and confirmation of significant risks, evaluating mitigation strategies and establishing supporting actions to reduce them to an acceptable level. Managing risks will be an integral part of both strategic and operational planning and the day-to-day running, monitoring, development and maintaining of New Forest District Council.

3. Risk Management Roles and Responsibilities

The key roles and responsibilities are outlined below:

Council

- The Council shall be responsible for approving the Risk Management Policy and ensuring appropriate oversight of the Council's Strategic Risk Register and mitigation plans.

Cabinet

- Endorse the content of the Strategic Risk Register and proposed risk mitigation plans and monitor implementation.
- Own their Portfolio Dashboards and identify cross-cutting risks as well as risks arising from their areas of responsibility
- Be aware of the risk management implications of decisions.

Audit Committee

- Endorse the Risk Management Policy and Strategic Risk Register.
- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment.

Executive Management Team (EMT)

- Provide corporate leadership of risk management throughout the Council.
- Agree an effective Council-wide framework for the management of risks and opportunities.
- Advise Members on effective risk management and ensure Members receive relevant risk information.
- Ensure that the Council complies with the corporate governance requirements relating to risk management.
- Own the Council's Strategic Risk Register and ensure that risks are reviewed as part of the wider Council's performance arrangements.
- Monitor the implementation of key mitigation plans and controls assurance programmes.
- Ensure processes are in place to report any perceived new/emerging (key) risks or failures of existing control measures.

Service and Senior Managers

- Ensure that risk management, within their areas of responsibility, is implemented in line with the Council's Risk Management Policy Statement and Strategy.
- Own their Service Dashboards and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions.
- Ensure regular review of the Service Dashboards as part of wider Council performance, report risk to Management and EMT on any perceived new and emerging risks, or failures of existing control measures.
- Promote and share good practice across service areas.
- Challenge risk owners and actions to ensure that controls are operating as intended.

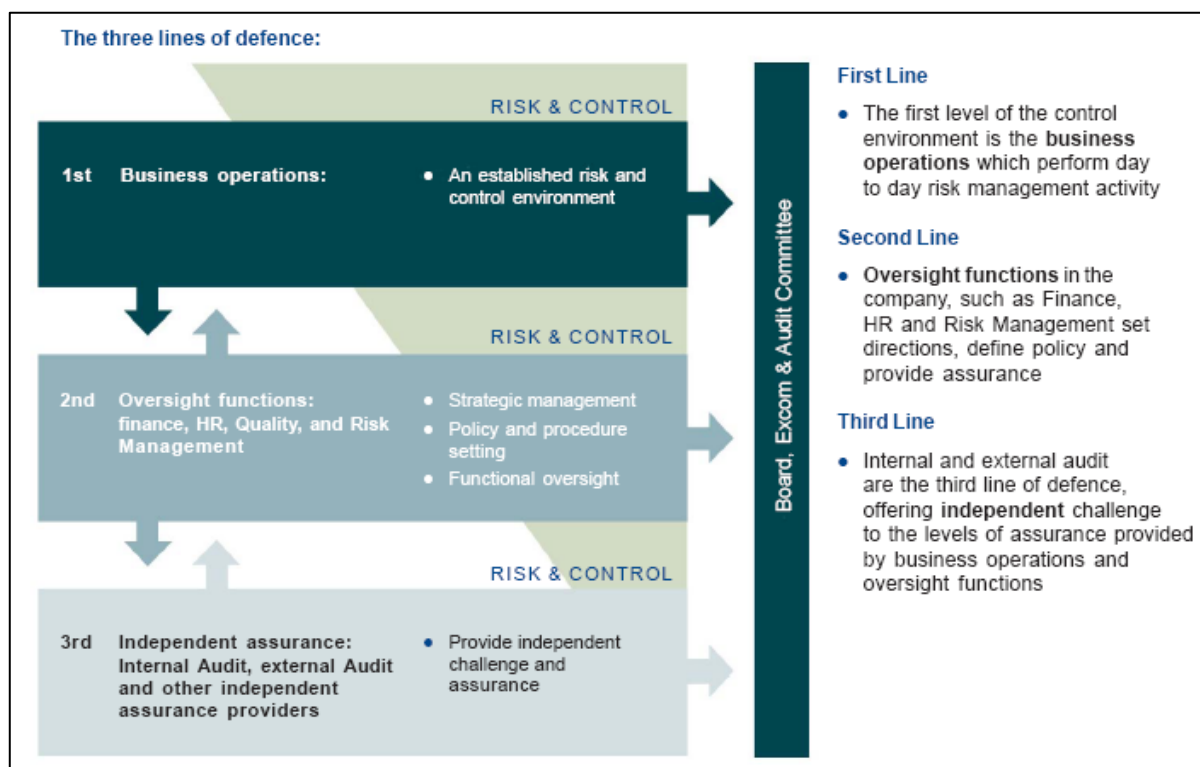
Insurance and Risk Officer

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the Council.
- Undertake full reviews of the Council's corporate Risk Management Policy statement and approach and update accordingly and present any revisions to EMT, Audit Committee, Cabinet and Council for endorsement.
- Use a range of resources to analyse management information to support recommendations for improvements to risk management policies and procedures.

4. Corporate Responsibility – The Three Lines of Defence

The three lines of defence concept is widely known among the insurance, audit and banking sectors as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance.

The following table is an example of the three lines of defence concept:



First line of defence

As the first line of defence, Service/Senior Managers own and manage risks within their service area. They are also responsible for implementing appropriate corrective action to address, process and control weaknesses. Policies and procedures support Service/Senior Managers in setting best practice in their areas of responsibility. In addition, they report any perceived new and/or emerging risks or, failure of control measures to their Executive Head

Service/Senior Managers are also responsible for maintaining effective internal controls and managing risk on a day-to-day basis. They identify, assess, control and manage risks ensuring that their services are delivered in accordance with the Council's aims and objectives.

Second line of defence

The second line of defence relates to the strategic direction, policies and procedures provided by the Council's corporate functions (e.g. Finance, Legal Services, Procurement and HR). These teams are responsible for defining policies, setting direction, ensuring compliance and providing assurance.

Each department will have members of staff that belong to professional bodies, for example ACCA, which gives assurances that these corporate functions focus on delivering best practice for the council.

Third line of defence

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The aim of the Internal Audit work programme is to provide assurance to management, in relation to the business activities, systems or processes under review that the framework of internal control, risk management and governance is appropriate and operating effectively; and risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Such risks are identified through senior management liaison and Internal Audit's own assessment of risk. Inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

External Audit provide an independent review of the Council's Annual Financial Report, including the Annual Governance Statement. They provide overall assurance on the accuracy of the Council's financial reporting, and provide commentary on key areas, such as Value for Money.

5. How Do We Evaluate Risks?

The Council evaluates its identified risks on a four-point scale on the likelihood or probability of the risk occurring and the impact caused should the risk occur being rated between low and significant.

A risk matrix is a key tool used to analyse the likelihood and impact of a risk. The Council uses a 4X4 risk matrix, with the score determined by multiplying the 'likelihood' score with the 'impact' score.

Scoring risks allows them to be compared with other risks and enables risk owners to prioritise and allocate more resources to those risks posing the greatest threat to the Council's objectives.

The Council has chosen to divide the rating into RAG bands as shown on the example risk map below:

		I M P A C T			
		Low (1)	Moderate (2)	Major (3)	Significant (4)
L I K E L I H O O D	Highly Likely (4)	Yellow	Yellow	Red	Red
	Likely (3)	Green	Yellow	Red	Red
	Unlikely (2)	Green	Green	Yellow	Yellow
	Highly Unlikely (1)	Green	Green	Green	Yellow

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact.

Impact is defined as the impact to the organisation should the risk materialise.

Each potential risk area should be considered and the highest impact scored should be the score (1-4) that is used to define the overall impact score.

	Low (1)	Moderate (2)	Major (3)	Significant (4)
Financial	Less than £20,000	£20,000 or over and less than £130,000	£130,000 or over and less than £500,000	£500,000 plus
Service Provision	Minor effect	Slightly reduced	Service suspended short term/reduced	Service suspended long term Statutory duties not delivered
Health and Safety	Minor Injury	Broken bones/illness Lost time, accident or occupational ill health	Loss of life/major illness – major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/large scale major illness
Morale	No effect	Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/unable to attract staff
Reputation	No media attention / minor letters	Adverse local media	Adverse national publicity	Remembered for years
Government Relations	One off single complaint	Poor assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood Rating

Likelihood is the chance of a risk materialising.

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust manner, the following table can however be used as a guide to inform the judgement made:

Likelihood	Probability
Highly Unlikely (1)	0% to 10% chance of occurring
Unlikely (2)	11% to 40% chance of occurring
Likely (3)	41% to 70% chance of occurring
Highly Likely (4)	71% to 100% chance of occurring

6. How We Respond To Risks?

Once a risk has been identified, the Council need to decide and agree what it is going to do about it. The recognised approaches to controlling risks are described as the five key elements or 5 T's; Tolerate, Treat, Transfer, Terminate and Take the opportunity. These are described in more detail below. It is generally accepted that where a risk can be reduced through some form of treatment or mitigation in a cost-effective fashion then it is good to do so.

As a general principal once a risk has been identified, consideration needs to be given to the five T's and that the chosen approach is seen as being cost-effective so that the control of the risk is not disproportionate to the expected benefits.

The five T's are:

- | | |
|-----------------------------|---|
| Treatment | By far the greatest number of risks will be addressed in this way by using appropriate control counter measures to constrain the risk or reduce the impact or likelihood to acceptable levels. Examples include strategy, process, people or systems' improvement. |
| Transfer | For some risks the best response may be to transfer them and this might be done by transferring the risk to another party to bear or share the risk: e.g. through insurance, contracting or entering into a partnership. Risk can never be fully transferred. |
| Tolerate | Where it is not possible to transfer or treat the risk, consideration needs to be given to how the consequences are managed should they occur. This may require having contingency plans in place, for example, Business Continuity Plans which create capacity to tolerate risk to a certain degree. |
| Terminate | Some risks will only be treatable, or containable to acceptable levels by terminating the activity that created them. It should be noted that the option of termination of activities may be severely limited in local government when compared to the private sector; a number of activities are conducted in the local government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved. This option can be particularly important in project management if it becomes clear that the projected cost/benefit relationship is in jeopardy. |
| Take the Opportunity | This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats; an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages? The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resources which can be re-deployed. |

7. Risk Reporting

Risk management is a dynamic process, and it is vital that Dashboards are kept up to date.

New risks will be identified, and some will be managed and removed. Risks need to be reviewed and reported upon to identify if risks are changing and their impact on the Council's objectives and to gain assurance that risk management is effective. The assessment of likelihood and impact levels for existing risks/opportunities will need to be updated to take into account the management actions undertaken, and contingency arrangements will need to be reviewed in response to changing internal and/or external events.

Regular Review of Dashboards to be undertaken considering the following points:

- Does the current risk score reflect the risk's likelihood and impact at this point in time?
- Is the control environment still sufficient?
- Are the identified controls effective?
- Are there any assurances that can be provided to validate the controls effectiveness levels?
- Is the information shared with officers and are they amending and refining their actions in light of any changes?

Each Service area has a Service Plan Performance Dashboard in place, upon which there is the facility for high risks to be recorded. These will be reviewed by Service/Senior Managers on a quarterly basis to ensure that opportunities are maximised and any resource is allocated appropriately to manage any risks that affect service.

There are Portfolio Dashboards in place which will be reviewed on a regular basis by EMT before presentation to the relevant Overview and Scrutiny Panels (quarterly) to ensure that members are kept informed of key developments in each area. The Portfolio risks and mitigations relating to the Council's achievement of its objectives are recorded in the Portfolio Dashboards, so this enables members to be kept up to date with strategic risks within their areas of responsibility.

The Strategic Risk Register will be reviewed by EMT 6 monthly and then will be presented to Audit Committee and Cabinet for its adoption. Annually this will be reported to Council and will provide a statement of the risks that have been reported through the 12-month cycle. This document will give a focussed and a targeted approach to mitigation and maximise any opportunities as they arise.

8. Document history

Name of policy	Risk Management Policy
Purpose of policy	Key stakeholders must understand their role or responsibilities within the risk management process, and how risk should be managed across the Council.
Policy applies	Corporately
First issued	2022
Latest update	
Update overview	

9. Definitions

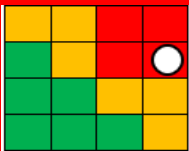
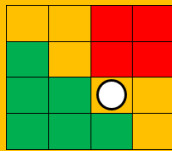
Term	Definition
RAG Bands	Red, Amber or Green – Categories of Risk Ratings
EMT	Executive Management Team
SRR	Strategic Risk Register

New Forest District
Council
Appletree Court, Beaulieu Road, Lyndhurst, Hampshire, SO43 7PA

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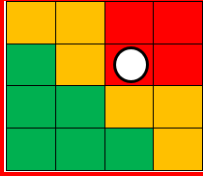
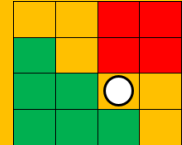
newforest.gov.uk

1. Supporting Communities

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>Communities are likely to be negatively impacted due to the current rate of inflation and specifically the significant increase in fuel, food and utilities. This will create additional pressures on local businesses and job security.</p> <p>Communities are impacted through a shortage of housing including affordable housing Supply being delivered within the District. Lack of 5 years housing land supply/ will fail Housing Delivery Test in Nov 2022</p> <p>The Council needs to do more to support communities with enhanced digital channels for transacting and communicating with the Council.</p> <p>There will also be some challenges around the delivery of the Freeport</p>	<ul style="list-style-type: none"> A. Community focussed initiatives and funding streams B. Targeted support to voluntary and community sectors C. Engagement in key fundamental activities and discussions, eg; Solent Freeport, County Deals D. Close working partnership with the Community Safety Partnership E. Active engagement with skills advisory group F. Review and application of the Council's Local Plan, including active monitoring of the implementation G. Roll out of Digital Strategy <ul style="list-style-type: none"> - 'Customer First, Digital by design' H. Corporate Plan 2020-2024 I. Collaborative working with key partners as part of the Cost of Living Steering Group to implement a Poverty Action Plan J. Implementing a referral system to partners to support vulnerable residents K. Regular engagement with the voluntary sector L. Proactively working with developers/providing enabling infrastructure/ review of Local Plan M. Collaborative working through the Solent Freeport Consortium Limited, and presence on the board, and it's various sub-committees. 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Allocate resource to support Corporate Plan priorities B. Continue to work in partnership with other public sector partners to explore new and existing opportunities to deliver to residents and businesses C. Resident Survey to be completed to further understand the needs and requirements of our residents D. Full participation and regular updates on the Cost of Living Steering Group

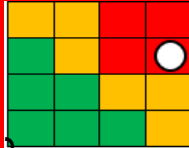
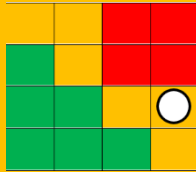
23

2. Achieving future financial resilience

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 3 = High 9</p> 	<p>Many external economic factors, including the longer-term impact of COVID-19 recovery and the current rate of inflation (cost of living) have an impact on the Council's Medium Term Financial Plan; both in terms of expenditure pressures and the ability to generate new and existing income.</p> <p>Other factors, more specific to the Council include pay award, levelling up, the fair funding review, the impact of a business rate reset and increased salary costs resulting from a need to align pay with the wider market.</p> <p>The Council may also need to do more to support communities due to the potential for closure of local businesses and job losses as a result of the cost of living crisis.</p> <p>Parish and town councils may also find themselves in financial difficulties and may look to the District Council for support.</p>	<ul style="list-style-type: none"> A. Regular review of the Council's MTFP including reserve levels and future changes to funding B. Annual budget setting for revenue and capital including funding C. Utilisation of external financial support that provides support for funding modelling D. Regular budget monitoring reports and updates to senior officers and Members E. Effective delivery of the transformation plan that includes actions that will support the closing of future budget gaps F. Development of savings plans and invest to save initiatives G. Treasury Management Strategy to ensure the Council is acting within the prudential indicators H. Maintain appropriate level of financial reserves as contingency arrangements to provide resilience over the medium term I. Development of capital plans in accordance with Capital Strategy with full financial appraisal and revenue implications J. Working with Towns and Parishes to maximise opportunities for joint working 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Continue to keep abreast of developments in: <ul style="list-style-type: none"> - pay award - Fair Funding - National Business Rate Policy - Levelling Up - County Deals B. Maintain momentum and presence within the delivery of the Solent Freeport C. Develop the actions to address the Medium Term Financial Plan Deficit, and see through to delivery

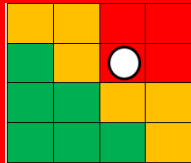
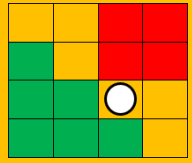
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3. Ensuring efficient and effective internal control, governance and compliance

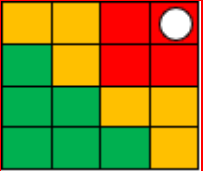
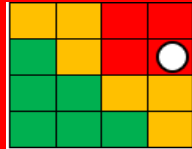
Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>As a local authority we need to show appropriate compliance and controls:</p> <ul style="list-style-type: none"> - Financial Management Code - Payment Card Industry Data Security Standard Accreditation - Production and publication of various statutory documents - Effectiveness of the Capital Change and Delivery Board - Effectiveness of the new Project Management Framework 	<ul style="list-style-type: none"> A. Annual internal audit plan developed by senior officers and members is targeted at key risks areas and responsive to new areas of risk B. External/internal audit regime C. Annual Assurance Statements compiled testing compliance with key business activities, supporting Annual Governance Statement compilation D. Range of performance indicators that monitor internal controls E. Maintenance of a range of policies that underpin the control framework – Financial Regulations, Counter Fraud Strategy, Risk Management Framework, Contract Procedure Rules coupled with staff training F. Regular reporting at Audit Committee G. Compliance with Transparency Code H. Compliance with Local Code of Corporate Governance I. Key compliance roles identified and assigned ie Section 151 Officer, Monitoring Officer, Data Protection Officer, H&S etc J. Compliance with information governance including General Data Protection Rule K. Review and update of Business Continuity Plans L. Housing Compliance reported regularly through EMT M. Information Governance Team in place with regular reporting through EMT. N. Financial Regulations and workflows built into core financial system 	<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<ul style="list-style-type: none"> A. Continue through information governance work programme, including updated document retention and destruction polices for all services B. Management to undertake actions from the internal audit reports C. To assess the effectiveness of the Capital Change and Delivery Board D. To assess the effectiveness of the new Project Management framework for projects to ensure appropriate Governance arrangements are in place for all projects. E. Financial Management Code – to review how the Council complies with the new code

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4. Creating the right culture, capacity and capability


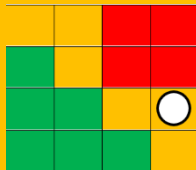
Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 3 = High 9</p> 	<p>The Council needs to attract, recruit and retain the high calibre of employee that it requires to fulfil its expectations in Service delivery.</p> <p>The current Leadership review and subsequent service reviews could create some unrest amongst the current Leadership team and other staff. There is also a risk around the time required to achieve organisational/cultural change.</p> <p>The emergence of Covid-19 has identified that the Council can effectively respond to a change in circumstances to ensure continuous operations. This rigor now needs to be applied to ensure this momentum continues and that positive experiences and benefits achieved as a result of recent changes are not lost, and that negative experience and challenges encountered in service delivery are addressed and improved upon.</p>	<ul style="list-style-type: none"> A. Employee Forum to encourage collaboration and engender a culture that enables change and innovation B. Learning and development programme providing training, tools and techniques to develop the necessary skills C. Regular 1-1's and annual PDI process D. Investigation and identification of further collaborations that will support building capacity and capability (and resilience) including both public and corporate business E. Staff Suggestion scheme F. Allowance within the council's budget for a pay spine review, to take account of the National Living Wage (NLW) forecast to April 2024 G. Transformation framework in progress H. Communications plan (internal) allowing for regular staff engagement/progress updates I. Staff/union engagement J. Project management/capability K. Performance management and key performance indicators in place L. Staff/officer wellbeing and support M. Development of Workforce Strategy and enabling an agile workforce N. Corporate plan 2020-2024 O. Hybrid working increasing potential pool of staff P. More support and training on virtual working/managing staff Q. Further ICT training to ensure maximum return on investment 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Embedding of new Council Leadership structure B. Conduct and then progress learnings from employee survey C. Undertake leading and developing programmes including fostering leadership skills D. Keep abreast of developments in pay award negotiations, and be ready to respond accordingly. E. See through the emerging transformation framework into an approved direction of travel through the democratic process F. Develop and implement associated transformational strategies as necessary G. Continue to identify further opportunities that should be progressed in connection with improving service delivery H. Allocate resource to support Corporate Plan ambitions I. Continue to work in partnership with other public sector partners to explore new and existing opportunities to deliver to residents and businesses

5. Ensuring robust security measures to protect the Council's data and assets from external threats

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 4 x Impact 4 = High 16</p> 	<p>This risk relates to the Council's ability to defend itself against the constantly evolving threat from cyber based attack. The Council, in common with other public bodies, should be regarded as a high-profile target given the impact and publicity a successful attack can have.</p> <p>The current insurance market for public sector cyber risks is volatile.</p>	<ul style="list-style-type: none"> A. Up to date Disaster Recovery plan is in place B. Awareness training of officers and staff on the threats of cyber attacks C. Continued reviewing and tightening of existing IT Security Policy to ensure measures adapt to the changing threat, including awareness, familiarisation and training. D. Acceptable use of IT policy to ensure staff are using equipment safely and appropriately. E. Relationships with other agencies to ensure best practice is established 	<p>Likelihood 3 x Impact 4 = High 12</p> 	<ul style="list-style-type: none"> A. Continued development of O365 services to improve email and anti-virus protections B. Carry out penetration test C. Ongoing refresher training on cyber risks for all staff D. To look at service provisions externally that can assist with cyber risks.

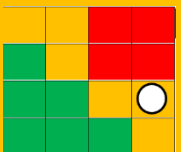
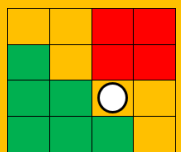
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6. Ability to be agile and shift focus in response to policy and national political change

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 3 x Impact 4 = High 12</p> 	<p>The significance of the current cost of living crisis and inflation, coupled with the need to repay the COVID bill may impact on government priorities and planning.</p> <p>Changes in national politics and general elections will have impact.</p> <p>Other legislation that will affect the council include:</p> <ul style="list-style-type: none"> - Levelling up white paper - The environment bill - Future planning reform - Changes the regulatory landscape to housing. <p>Managing the impact of climate change – impact on the coastline/managing the impact on the Council and communities resulting from increase in number of severe weather events/impact of increased temperature</p>	<p>A. Continuous monitoring of political landscape to allow for early indicators of policy change</p> <p>B. Prudent financial and strategy assumptions to allow for agile responses</p> <p>C. Corporate Plan 2020-2023 reviewed and updated where appropriate as changes identified that could impact on the Council and its plans i.e. Covid-19</p> <p>D. Section 151 Officer role providing advice to the Council on current/ future financial challenges</p> <p>E. Reports to committee include explicit assessment of implications and therefore should identify/reflect current and future challenges</p> <p>F. Executive to undertake horizon scanning look out/forwards and identify possible challenges ahead</p> <p>G. Membership of Local Government Association etc providing information/insights to the Council</p> <p>H. Members’ roles and responsibilities including involvement in local networks, County Council, other agencies and national forums, enabling insight to be gained and shared with the Council</p> <p>I. Staff membership of professional bodies enabling own development and also providing for insights through membership of challenges that may present themselves to the Council</p> <p>J. Officer/member forums and networks</p> <p>K. Review of Coastal Strategy and Actions. Climate Change Action Plan</p>	<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<p>A. Making sure the workforce is aware that training is available.</p> <p>B. Ensuring professional training availability as this impacts departments e.g., Planning and Legal</p> <p>C. Encouraging staff to undertake professional development and service-related training.</p>

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7. Delivering Council Services through adverse conditions

Inherent Risk Score	Current circumstance	Risk Control	Residual Risk Score	Action Required
<p>Likelihood 2 x Impact 4 = Medium 8</p> 	<p>The following may affect the delivery of Council Services from a national and local perspective:</p> <ul style="list-style-type: none"> - Natural disasters / local power outages - Workforce Strike Action - Global Pandemic - Terrorism - Riot/Rebellion - Flooding - Major pollutions of surface waters and groundwaters - Adverse Weather - Fire - Nuclear Powered Vessels related to pollution - Coastal Erosion 	<ul style="list-style-type: none"> A. Business Continuity framework and individual service continuity plans B. Threat response plans which will include ICT Infrastructure response, alternative accommodation provisions and reallocation of staff. C. Emergency Planning Strategy and defined roles assigned D. Hybrid Working E. Communication with NFDC residents on all platforms e.g. social media 	<p>Likelihood 2 x Impact 3 = Medium 6</p> 	<ul style="list-style-type: none"> A. Annual programme of Emergency Planning training to be established B. Review and challenge of functional Service Continuity Plan C. Review Hybrid Working D. Conclude Business Continuity Planning E. Establish a dedicated role for focussing on emergency planning and business continuity to increase capacity for service to manage this risk F. Training and exercising to G. establish a strategic and tactical response including an agreed rota H. Set up links to Town and Parish councils as they would be involved in implementing actions through adverse conditions.

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CABINET – 7 SEPTEMBER 2022

PORTFOLIO: FINANCE, INVESTMENT
& CORPORATE SERVICES /
HOUSING AND HOMELESSNESS
SERVICES / ALL

MEDIUM TERM FINANCIAL PLAN 2022 ONWARDS

1. Recommendations

- 1.1 Cabinet are asked to recommend to Council;
- a) That the revised MTFP forecasts, as outlined within the report and appendices be adopted;
 - b) That the options identified to close the budget gap for 2023/24 and through to 2026/27 are developed further;
 - c) That the Fees and Charges Policy set out in section 4e of the report be adopted; and
 - b) That the reporting timeline as set out in section 6 be agreed

2. Purpose of Report

- 2.1 To consider the initial development of the Medium-Term Financial Plan 2022 onwards for the General Fund and consider the factors that will influence its delivery and that of the annual budget strategy 2023/24.
- 2.2 To consider the initial development of the Housing Revenue Account Budget for 2023/24 and confirm the factors that will influence the delivery of the Housing Revenue Account over a longer-term period.

3. Background

- 3.1 The Council's financial strategy seeks to align available financial resources to corporate priorities and achieve a balanced budget through the crystallisation of efficiencies from all services, supported with the targeting of new and additional income generation. Financial stability over the medium-to-long term has underpinned the Council's financial strategy, with due consideration being given to the potential implications that the Fair Funding Review, Business Rate Reset, and national rent setting policy will have on this Council. The Council has understood the need to consider its overall organisational business model in order to ensure the future protection of its services and aligns the financial plan to ensure its delivery of key priorities as outlined in the Corporate Plan.
- 3.2 Actions need to commence on the development of future years' budgets. To support this work, it is necessary that an assessment is made of the likely financial scenario based upon latest available information. To help support the important work of Portfolio Holders and officers in developing future plans, the future outlook and the current uncertainties are set out within this report and a prudent forecast set out through the appendices.
- 3.3 The announcement of yet another 1-year General Fund funding settlement for 2022/23 did not come as a surprise considering pressures faced by the Government during 2021/22. It is unlikely that the long-awaited Fair Funding Review will come into effect

from 2022/23, and prior to his departure from the Department for Levelling Up, Housing and Communities, the then Secretary of State announced a 2-year finance settlement would be forthcoming, with an assumption that this would relate to 2023/24 and 2024/25. The Business Rate Retention Scheme is still under review within the context of the Fair Funding Review. The expectation is that this will still be based on a hard reset with partial redistribution of the national surplus, and a revised retention scheme (currently a 50% retention scheme, with the District Council retaining 40% of Business Rate growth).

3.4 Economic Commentary

3.4.1 UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices as well as the concern about further supply chain disruption due to Russia's invasion of Ukraine and recent Covid-19 developments in China led to elevated inflation expectations and 12-month CPI inflation rose to 9.0% in April 2022.

3.4.2 In efforts to bring inflation down the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate from 0.10% to 0.25% in December 2021, with further increases to 0.50% in February 2022, 0.75% in March, 1.00% in May, 1.25% in June and now 1.75% in August.

3.5 The significance of the National Employers Pay Award final offer for 2022/23 has been reflected in this Medium-Term Financial Plan, at an additional cost of £900,000 to the General Fund, and £300,000 to the Housing Revenue Account. Whilst it is hoped that additional government funding will be forthcoming to support this level of pay award, this is not currently assumed within the funding forecast.

3.6 The General Fund Medium Term Financial Plan has been populated using the most up to date information currently available covering the period to 2026/27. The effect of the Fair Funding Review and final design of the Business Rate Retention Scheme as outlined in 3.3, including the timing of the initial reset, and frequency thereafter of partial or full resets, and the ultimate proportion of rates to be retained by the District Council, has the potential to significantly amend the funding figures currently forecast.

3.7 The Housing Revenue Account section of the report sets out the specific and unique challenges faced by this ring-fenced account, and begins to introduce some of the key considerations, including rent levels, that need to be factored into the production of a balanced budget for 2023/24, and over the medium-long term.

3.8 The Council's overall financial planning needs to take into account inflation and the current cost of living faced by its residents and tenants when making difficult decisions on proposed Council Tax, Rent and Fees and Charges.

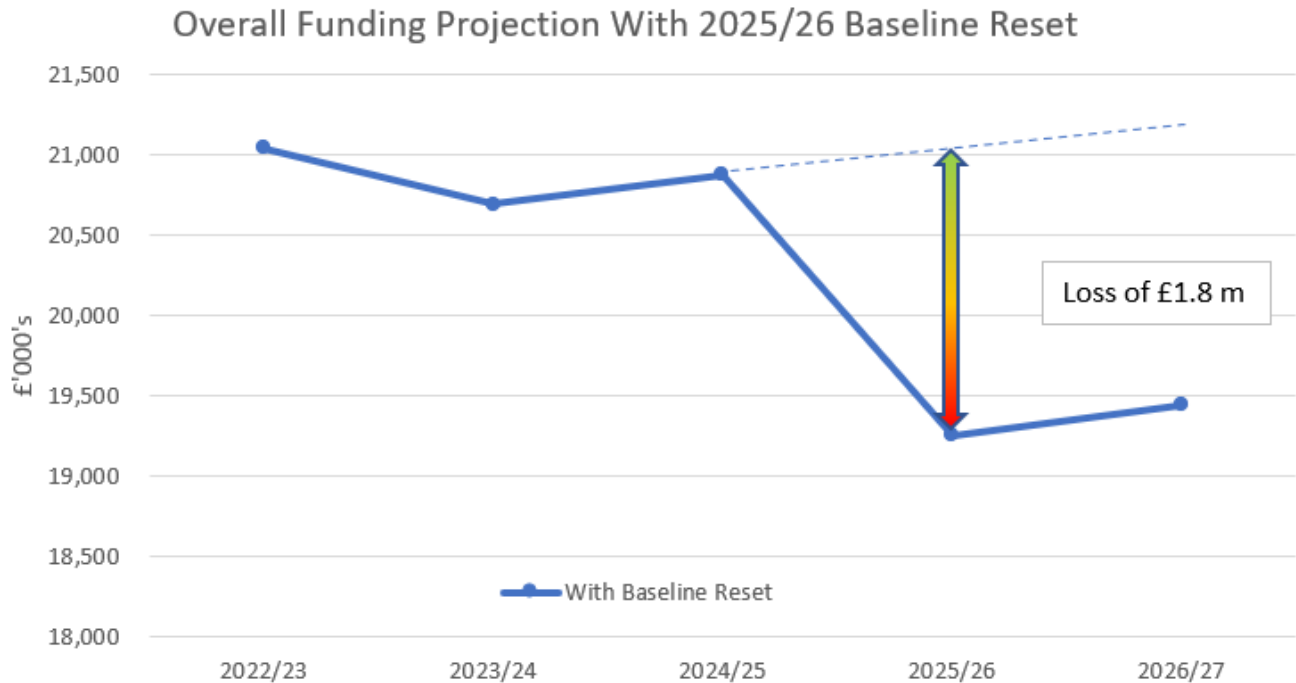
3.9 The report hereafter is split into 2 distinct sections before concluding as a single item. **Section 4 considers the General Fund**, and **Section 5 considers the Housing Revenue Account**.

Section 4: The General Fund

4a. Funding Assumptions over the Medium Term

- 4a.1 Ongoing annual funding support from Central Government, other than the Business Rate Retention scheme, is still uncertain. The 2022/23 settlement included a lower-tier services grant and a one-off services grant. The latter was in recognition of the additional burden placed on authority finances as a result of the increase in National Insurance from April 2022. The Council also received New Homes Bonus (NHB) in 2022/23, although the future of this funding stream is also uncertain. No further funding from NHB or services grants is currently included within the MTFP forecast.
- 4a.2 The assumptions on Business Rate funding will require updating as the ongoing work taking place at the DLUHC on the revisions to the Business Rate Retention Scheme continues. At present, the base scenario has been prepared on the basis that a hard baseline reset will take place in 2025/26 with the loss of c£2.2 million of accumulated growth, partially offset by a redistribution of £400,000 to this Council. In planning for this hard reset, and in recognition of how the Business Rate collection fund can fluctuate year-on-year, the Council established a Budget Equalisation Reserve and has utilised this reserve in addressing budget fluctuations since 2017/18. Although changes to the business rate system could be implemented in isolation of the spending review, this is considered unlikely.
- 4a.3 The results from the 2021 census is also likely to have an impact to the Settlement Funding Assessment (SFA) for the Council. The SFA essentially determines funding assumptions on a per head basis and is used within the core funding formulae used by the Treasury and DLUHC in determining finance settlements. The district saw a reduction in population of 0.38% in comparison to 2011. Whilst this might not appear significant, the overall increase in England was 6.56%. Whilst other areas then will see an increased funding need reflected in their SFA, the SFA for the district will decrease.
- 4a.4 It is almost certainly too early to reflect the 2021 census outcome in the SFA for 2023/24 and considering it's likely to be a 2-year settlement, this pushes the impact back a further year, to 2025/26.
- 4a.5 The Financial plan for 2023/24 is assuming the removal of the services grants and the removal of NHB as a funding settlement source from 2023/24. Financial support through these funding streams totalled £825,000 in 2022/23, so any form of continued funding from these streams built into the next funding settlement would be very welcome.

4a.6 The following graph demonstrates the base funding scenario:



4a.7 The Council's base budget for 2022/23 also includes Flexible Homelessness Support Grant and specific other homelessness prevention grants, totalling £974,000. For the time being, the base scenario assumes the grants will be static over the period, and the removal of one-off increased expenditure that was included within the 2022/23 budget.

4b. Budget Requirements over the Medium Term

4b.1 Pay & Price Increases

4b.1.1 Increases in costs are expected to total £3.625 million over the next 4 year period.

The assumptions include the following areas of pay and price increases;

- Annual Pay Award of 2% per annum
- An additional pay award allowance for 2022/23 to reflect the Employer offer made on 25th July 2022 (£900,000), with additional growth in 2023/24 to reflect the current cost of living and National Living Wage growth, potentially to £11.50.
- Incremental progression, including additional costs in 2023/24 and 2024/25 as a result of the impending pay spine review for bands 1-8.
- Fuel and Energy Cost Increases – one-off increase to 2023/24, with an assumption that prices resettle, and so price deflation in these areas negates the need for future increases over the MTFP period.
- As identified elsewhere on the Cabinet Agenda, particular pressures exist within Vehicles & Plant prices, which will result in an increased annual revenue cost as the assets are written down over their useful life.

4b.1.2 During 2022 the Pension Fund actuary will conduct their 3 yearly triennial review. The result of which will determine the primary and secondary employer contribution rates for this Council for 2023/24 – 2025/26. The Council has retained a budget of £1.25 million within its General Fund on the assumption that a secondary rate might be re-introduced by the actuary and approved by the scheme administrator when the 2022 triennial review is completed. Future MTFP updates will report on the implications of this 2022 valuation once known.

4b.2 Budget Adjustments Relating to one-off Items

4b.2.1 There are a few items included within the MTFP that are short-term / one-off items. Shown within appendix 1, these result in a decrease in budget requirement of £256,000 to 2023/24.

4b.3 Ongoing Savings

4b.3.1 The plan also includes assumptions as a result of decisions and reviews that have commenced in prior years or where work is currently underway. These adjustments contribute £425,000 towards the ultimate achievement of a balanced budget for 2023/24. Further assumptions are made in terms of additional contributions that will further support the 2023/24 budget preparation, and which extend over the life of the MTFP; these are covered in section 4c of this report. The savings already in play can be populated as follows and currently include:

Table 1

Theme	Specific Item	2023/24 Assumption
Delivery Model Review	Electoral Review of the District	80,000
Efficiency & Yield	Nil	Nil
Strategy Investment	Commercial Property	170,000
Payback	- Parking Clocks	150,000
	- Digital Services Business Case	25,000
Windfall	Nil	Nil
		425,000

4b.4 New Budget Requirements and Alignment of Budget to Priorities

4b.4.1 The 2022/23 budget included a one-off £200,000, to supplement the new on-going £250,000 sum to prioritise resources to the delivery of corporate plan priorities. The one-off sum is being removed from the 2023/24 budget. The on-going budget has been allocated as follows;

Table 2

Investment in Delivery of Corporate Plan Objectives; ongoing funding	2022/23	2023/24
Communications and Digital Assistant	24,000	32,000
Climate and Nature Emergency Manager	tbc	70,000
Service Manager - Regeneration & Growth	tbc	83,000
Town Centre Regeneration Manager	tbc	66,000
	<hr/>	
	24,000	251,000

4b.4.2 The Senior Leadership review confirmed tier 2 savings would be made at £80,000, but it was envisaged that additional investment in the wider leadership team may result in up to £200,000 being required within the establishment. The net impact of £120,000 is therefore included within the 23/24 assumptions with 50% to the GF, and 50% to the HRA (for the purposes of this initial high-level forecast).

Waste Collection

4b.4.3 Discussions have been ongoing with the County Council, and the Councils across Hampshire have all now signed up to a Joint Municipal Waste Management Strategy. The County Council are still proposing changes to long-standing arrangements, above the loss of recycling credit income that the Council lost (to the County) from April 2021. The proposals being outlined by the County would further reduce the Council's recycling income and would introduce contaminated waste charges. A financial impact of £400,000 has been allowed for within the MTFP, although updated forecasts will be presented within future MTFP updates pending ongoing discussions with the County Council.

4b.4.4 The newly adopted Waste Strategy included some key financial assumptions around new burdens funding, the Extended Producer Responsibility scheme and the Deposit Return Scheme, all of which will play a part in absorbing additional forecast costs, and potentially current costs of waste and recycling collection. No further information is known at this stage, so the working assumption of the strategy that new costs will be offset will be maintained within this initial MTFP. To re-confirm the expected key expenditure forecasts, as included within the Waste Strategy;

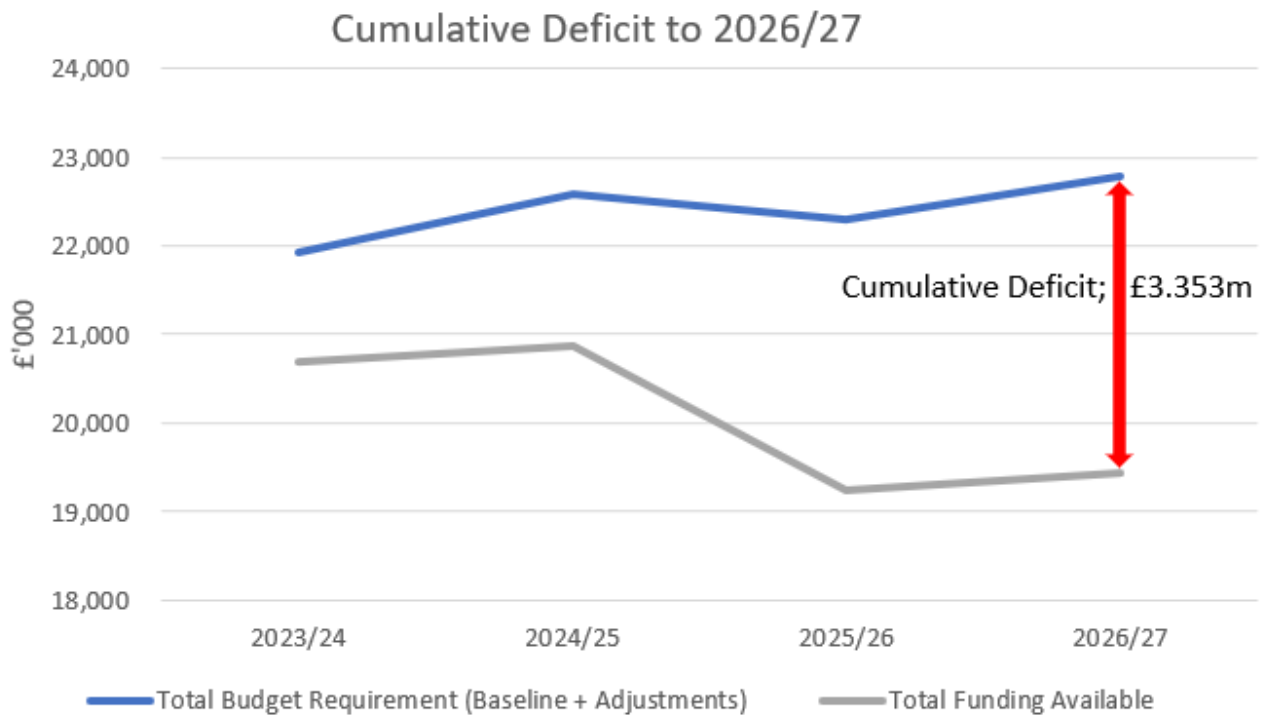
- The additional annual cost of separate food waste collection is forecast at £1.612m
- The reduced collection cost as a result of changing to an alternate weekly collection cycle is forecast at £342,000.

4b.4.5 Resourcing is becoming more difficult within the Waste Collection service as competition for HGV drivers continues. The Council’s Medium Term Financial Plan may need to take account of additional market forces in order to support a sustained and consistent waste service. The new waste strategy will help, as the manual loading requirement reduces, but the delivery of the new service is too far away not to have some interim measures in place. These measures will be explored over the summer, with financial implications picked up in further Medium-Term Financial Plan reporting.

4b.5 Income Recovery

4b.5.1 The income at the leisure centres is projected to improve back to pre-covid level over the next couple of years. This is reflected in the management fee arrangements the Council has with Freedom Leisure.

4b.6 **The overall forecast deficit taking into the account the funding assumptions and necessary budget movements totals £1.229 million for 2023/24, increasing to a cumulative £3.353 million by 2026/27.** For valuable context, the General Fund budget set for 2021/22 was £20.674 million, so the deficit represents a gap equivalent to 16%. It is vitally important that the Council continues to pro-actively address this funding deficit which will undoubtedly include difficult decisions on service delivery, Council Tax and Fees and Charges yield over the period.



4c. Financial Strategy and Options Identified to Address the Budget Deficit

4c.1 In order to address the forecast deficit to 2026/27, the Council's financial strategy over the medium-term period extends to:

- The development and delivery of a structured approach to Council wide Transformation for the purposes of delivering a more cost-efficient Council (covered in more detail in para 4c.4). This will include, for example;
 - The identification and delivery of service reviews ensuring a commitment towards efficient and effective delivery of Council Services, placing less reliance on government support and funding from the taxpayer
 - Identifying new partnering and collaboration opportunities with others to transform service delivery
 - The alignment of the budget to the Council's Corporate Plan and essential services
 - Getting best value from Council assets and considering the impact of new ways of working in refreshed people and accommodation strategies.
- The release of accrued short-term reserve balances to assist in the damping of the Fair Funding Review (and impact this has specifically to retained business rates) as necessary,
- The utilisation of reserve balances (and when necessary external borrowing) to invest in assets and assist in supporting a vibrant and robust New Forest Economy, whilst targeting valuable additional income,
- Ensuring strategies developed through the corporate framework appropriately feed into the Council's financial strategy; and
- Invest in a Cleaner Greener approach to financial planning and spending.

4c.2 **The options identified** as shown within table 3 (and Appendix 3) include:

- The Generation of additional net income through the delivery of the Property Strategies. As well as having significant economic and social benefits, the Commercial and Residential Property Strategies are also targeted to generate further net income of £650,000 by the commencement of 2025/26.
- An efficiency / fees and charges yield programme, targeted at £1.2 million over the MTFP period, with £300,000 included within annual options assumptions.
- The continuation of Council Tax increases over the period has the potential to generate an additional annual income of £1.470 million by 2026/27.
- The Budget Equalisation Reserve balance of £2.699 million is available to plug short term budget gaps. Use of this reserve is only a short-term fix however, as reserves can only be used once, they do not represent a long-term fix to the deficit over the period.

Table 3

Theme	Specific Item	2023/24 Potential	Further MTFP Assumption
Strategy Investment	Comm & Resi Property	150,000	500,000
Efficiency & F&C's Yield		300,000	900,000
Council Tax - 23/24	£5 or x%	363,000	
Council Tax - 24/25	£5 or x%		366,000
Council Tax - 25/26	£5 or x%		369,000
Council Tax - 26/27	£5 or x%		372,000
		813,000	2,507,000

4c.3 **It will be a significant challenge to deliver the sum of options currently identified at £3.230 million.** There is plenty to be done, and difficult choices to be made to crystallise the options that will ultimately support the delivery of a balanced budget over the Medium Term. It is likely that the budget equalisation bridging reserve will be required over the Medium-Term period.

4c.4 Transformation Framework

4c.4.1 To deliver the options required to support the Council in achieving the Medium-Term Financial Strategy and to ensure the Council remains lean, adaptable to change and an employer of choice, there are several individual workstreams being developed that will brought together under an umbrella Transformation Framework. The workstreams include;

- Community Insight
- People
- Accommodation
- Digital
- Business and Service Reviews
- Delivery

4c.4.2 The framework and its objectives, **including an assessment on upfront costs** to achieve the desired outcomes and drive the future efficiency savings, will be fully introduced in a separate report to the Cabinet later in 2022.

4d. Council Tax Premiums

4d.1 As part of the draft Levelling Up and Regeneration Bill announced by Government as part of the May 2022 Queens Speech, the Government set out two significant changes in respect of council tax. 1) To reinforce the incentive for owners to bring empty properties back into use, to reduce the qualifying period for the 100% empty homes' premium from two-years to one-year from 1 April 2024 onwards. 2) To support councils in addressing the impact of second homes, to provide authorities the power to levy a council tax premium of up to 100% on dwellings occupied periodically (there is no resident of the dwelling, and the dwelling is substantially furnished). To levy the premium an authority will need first to make a determination at least one-year before the beginning of the financial year to which it relates. Therefore, the financial year 2024/25 is the first year it could be applied from provided the determination is made by 31 March 2023. To enact the determination the authority must publish a notice in at least one local newspaper 21 days before the determination date.

4d.2 The MTFP assumes that the Council will look favourably on revenue raising powers made available to it by Central Government and will seek to include the positive financial impact of any legislative changes within future iterations. At this time, acknowledging that the Levelling Up and Regeneration Bill is yet to be passed by Government, and may change with the new administration, so no tangible financial assumption has been included, instead this matter is included within the 'Potential Impacts' under the Options Identified to close the budget shortfall (appendix 3).

4d.3 The current estimate is that, if endorsed, the council will generate an extra £8,500 from the empty home's premium and £272,000 from the second homes premium. The estimate has been arrived at by taking 75% of the current assumed position and allowing for extra administration costs.

- 4d.4 This estimate will be subject to significant further due diligence especially in respect of the interpretation of what will be classified as a second home and how the categorisation is determined. The forecast has been constructed based on local knowledge around homes that according to our records are unoccupied but furnished. There is currently no incentive for homeowners to make the council aware that a property is a second homes as they pay the same council tax rate as if it was their main residence.

4e. Fees and Charges Policy 2023

- 4e.1 Fees and Charges have a significant role to play in assisting the Council achieve a balanced budget, and in providing the necessary finance for service enhancements. The Council aspires to continually develop and improve front line service delivery and continue to offer more to the residents and visitors of the New Forest.
- 4e.2 All Portfolio Holders will be asked to review their discretionary fees and charges annually to ensure they remain competitive, and to ensure they provide income growth to account for increased costs in running and delivering services.
- 4e.3 Fee decisions **for 2023** (an in-year decision), up to the most recently published CPI rate of inflation, will be taken as a Portfolio Holder Decision. Any proposals outside of this rate will be referred to the Council for a decision.
- 4e.4 Fee decisions **for 2023/24** for implementation from 1 April 2023 will be included within the February 2023 Budget setting report, with a decision on charges being made by the Council.
- 4e.5 Fee decisions **for 2023/24** for implementation after 1 April 2023 (an in-year decision), up to the most recently published CPI rate of inflation, will be taken as a Portfolio Holder Decision. Any proposals outside of this rate will be referred to the Council for a decision. The decisions taken by Portfolio Holder will be reported to the Council at the earliest opportunity.

4f. Budget Consultation

- 4f.1 The Corporate Affairs and Local Economy Overview and Scrutiny Panel established a Financial Strategy Task and Finish group when the panel met in July. The group is set to run between September and October. Feedback from the Group will be given to panel at its meeting in November.
- 4f.2 The Corporate Affairs and Local Economy Overview and Scrutiny Panel will also receive a budget report in September. The report will be designed to ensure the panel can provide scrutiny on the assumptions included within the MTFP and provide commentary on the financial strategy and planning adopted by the Council. In keeping with prior years, prior to the adoption of the budget by Council in February, the panel will also receive an overview of a few specific and key variable elements within the budget, namely the asset maintenance and replacement programme, and Capital programme.
- 4f.3 The Council is required to run an annual budget consultation with business rate payers. An approach will be developed over the summer, with a view to running a consultation around October / November. The Financial Strategy Task and Finish group will help to shape the content of the consultation exercise.
- 4f.4 The Council is going to conduct a 'Resident insight' survey in early Autumn. The insight

data will be extremely valuable in terms of future alignment of Council resources to priority services.

Section 5: The Housing Revenue Account

5a. Budget Requirements over the Medium and Long Term (Appendix 4)

5a.1 Pay & Price Increases (Medium Term)

5a.1.1 Increases in costs are expected to total £2.075 million over the next 4-year period.

The assumptions include the following areas of pay and price increases;

- Annual Pay Award of 2% per annum
- An additional pay award allowance for 2022/23 to reflect the Employer offer made on 25th July 2022 (£300,000), with additional growth in 2023/24 to reflect the current cost of living and National Living Wage growth, potentially to £11.50.
- Incremental progression, including additional costs in 2023/24 and 2024/25 as a result of the impending pay spine review for bands 1-8.
- Fuel and Energy Cost Increases – one-off increase to 2023/24, with an assumption that prices resettle, and so price deflation in these areas negates the need for future increases over the MTFP period.
- A 10% increase in materials and hired services costs in 2023/24 relating to increases already experienced this year and circa 3% thereafter.

5a.1.2 The HRA budget will reflect on the result of the 2022 triennial pension valuation, as necessary.

5a.2 Greener Housing (Long Term)

5a.2.1 The Greener Housing Strategy 2022-2032 was adopted by the Council on 11 July 2022. While costs are still uncertain, assuming an average £40,000 cost per property **the total bill could be upwards of £200 million through to 2050**. Funding for this programme of works has not yet been factored into the HRA.

5a.3 Housing Delivery Plan (Medium - Long Term)

5a.3.1 The Council has a target to deliver 600 new affordable homes by March 2026, 254 of which have been delivered to date. External / Internal financing of this programme has been factored into the medium-term forecast, with the rent largely offset through property maintenance and management requirements.

5a.4 Other New Budget Requirements (Medium Term)

5a.4.1 The Senior Leadership review confirmed tier 2 savings would be made at £80,000, but it was envisaged that additional investment in the wider leadership team may result in up to £200,000 being required within the establishment. The net impact of £120,000 is therefore included within the 23/24 assumptions, with 50% to the GF, and 50% to the HRA (for the purposes of this initial high-level forecast).

5a.4.2 Clauses of the Social Housing Regulation Bill are currently being taken through

parliament ahead of a phased rollout of the Social Housing Residents' Charter from April 2023. A report highlighting the key actions required by the Housing Service to comply with the new Charter and likely financial implications is currently being prepared and will be progressed through the decision-making process in September 2022. Funding for this programme has not yet been allocated to the HRA.

5b. Income Assumptions over the Medium Term and their Longer-Term impact

- 5b.1 Current guidelines allow for rent increases of CPI (September) + 1%. This was re-introduced in 2020/21, following 4 years of annual 1% rent reductions. Current predictions are that CPI could be c10.25% in September, leading to a potential 11.25% increase in rents in 2023/24 if current guidelines are followed. Future years increases are currently assumed at 3%.
- 5b.2 The level of proposed rent for the 2023/24 financial year will ultimately be a Council decision in February 2023, to take effect from 1st April 2023 but Government intervention may be received beforehand that amends the current guidelines. At present, the application of the national Policy of CPI +1% has been reflected in these forecasts.
- 5b.3 As the budget preparation cycle progresses, factors such as the number of tenants in receipt of Housing Benefits and Universal Credit, which ultimately seek to cover the cost of accommodation, as against tenant numbers who do not, will be carefully considered. At present, approximately 73% of all housing tenants receive index linked state support.
- 5b.4 External factors, such as rent levels currently applied across the District within the private rental market will also be considered as social and affordable rent should fundamentally be set in the context of the wider housing market.

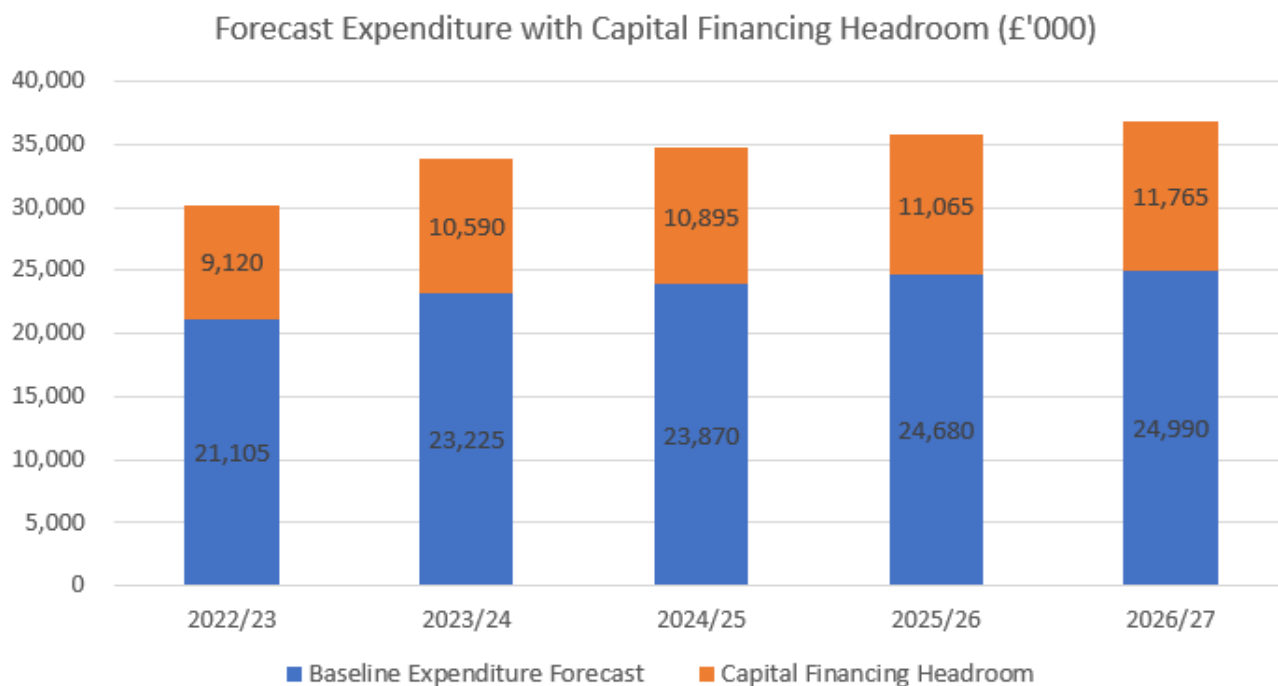
Table 4

Number of Bedrooms	NFDC Average Weekly Social Rent	NFDC Average potential Weekly Social Rent	Weekly Difference in Rent	Indicative Weekly Market Rent	NFDC potential social rent as a percentage of Weekly Market Rent
	2022/23	2023/24	2023/24	2022/23	2022/23
1	£89.76	£99.86	£10.10	£169.32	59%
2	£105.40	£117.26	£11.86	£238.02	49%
3	£118.46	£131.79	£13.33	£303.30	43%
4	£128.36	£142.80	£14.44	£402.20	36%
5	£133.47	£148.49	£15.02	£715.00	21%

- 5b.5 Energy costs incurred within the HRA are generally largely recovered by service charges to individual tenants. Detailed work has now begun to review all establishments where utility charges are incurred, with a view to a 2022/23 mid-year increase in service charges. This should recover c£390k of increased energy costs in 2023/24.

5c. Overall Summary and the 30 Year Business Plan

5c.1 The forecast budget adjustments as outlined above create additional Capital Financing Headroom within the HRA, equivalent to circa £2.6 million a year by 2026/27. Although significant, this headroom will still fall considerably short of the necessary capital financing required to accommodate the Capital Programme, including greener housing through to 2050.



5c.2 The Council has recently engaged an external consultant to assist with the preparation of its 30-year HRA business plan. This 30-year business plan will help shape the budget proposals through to February 2023. Work is currently at early stages.

5d. Budget Consultation

5d.1 New legislation regarding social housing reform is not likely to significantly impact consultation processes for 2023/24. However, future years spending and budgeting for the HRA will likely need wider scrutiny and consultation with tenants as part of commitments in a future Tenant Engagement Strategy.

5d.2 The Housing and Homelessness Overview and Scrutiny Panel will consider the HRA Medium Term Financial Plan in September and the detailed 2023/24 HRA budget in January 2023.

5d.3 The Tenant Involvement Group will consider the HRA Medium Term Financial Plan in September and the detailed 2023/24 HRA budget in January 2023.

6. Reporting Timeline

- 6.1 It is important that the Medium-Term Financial Planning of both the General Fund and HRA supports the ambition of the Council and remains driven by the objectives set out in the Corporate Plan. The organisation must be able to support both and must remain vigilant and susceptible to change. A timeline is set out below for Overview and Scrutiny and Cabinet which supports the development of the MTFP, through to the final setting of the 2023/24 budget:

Table 5

Item Number	Month	Meeting	Report
1	September	Corporate O&S	General Fund – Balancing the Budget; Part 1
		Housing O&S	Housing Revenue Account – Balancing the Budget
2	December	Cabinet	Setting the Council Tax Base
			MTFP Update
3	January	Corporate O&S	AMR and Capital Programme 2023/24
			Capital Strategy 2023/24
		Housing O&S	General Fund – Balancing the Budget; Part 2 Proposed HRA Budget 2023/24
3	Early February	Cabinet	AMR and Capital Programme
			Capital Strategy 2023/24
			Community Grants 2023/24
4	Mid-February	Cabinet	MTFP and setting of 2022/23 GF and HRA budgets

7. Crime and Disorder / Equality and Diversity / Environmental Implications

- 7.1 There are no direct implications as a result of this report.

8. Environmental Implications

- 8.1 The Council has invested in a new officer position to lead on the delivery of the Climate and Nature Action Plan. The development of future budgets will need to have increased regard for environmental impact, and it is probable that this will require a financial commitment within the Medium-Term Financial Plan period, beyond the Sustainability budget allowed for within the 2022/23 Capital Programme.

9. Portfolio Holder Comments

Finance, Investment and Corporate Services

- 9.1 In an uncertain economy, with high levels of inflation along with the potential for a reduction in funding through central government grants, setting a medium term financial

plan becomes challenging.

Within the report we have taken a cautious approach on both rising costs and the reduction in funding which result in a cumulative deficit, by 2026/27, of over £3.35 million. The Council will look to address the deficit over the coming four years but without additional support this will require us to make some hard decisions.

In the short term the Council remains well placed to deliver a balanced budget for 2023/24 and to fund any changes that are necessary.

Housing and Homelessness Services

- 9.2 There are clear challenges that lie ahead for the Council's Housing Revenue Account. We will carefully work through these in the short, medium and long term. With the preparation of our 30 year Business Plan, we will be in a position to plan well ahead to ensure that we maintain our stock in good and sustainable condition and to provide quality services and homes to our tenants.

For Further Information Please Contact:

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MEDIUM TERM FINANCIAL PLAN 2022 - 2026

SUMMARY OF RESOURCES 2022/23 - 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
	Original				
	Budget	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's	£'000's
Total Government Determined Resources	7,003	6,604	6,685	4,969	5,053
Total Council Tax (Tax Base growth only)	13,585	13,685	13,785	13,885	13,985
Total Collection Funds	452	400	400	400	400
TOTAL FUNDING	21,040	20,689	20,870	19,254	19,438
Cumulative Change from Original 2022/23		-351	-170	-1,786	-1,602
%age change		-1.7%	-0.8%	-8.5%	-7.6%

MEDIUM TERM FINANCIAL PLAN 2022 - 2026

SUMMARY OF BUDGET REQUIREMENT 2023/24 - 2026/27

	2023/24	2024/25	2025/26	2026/27
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2022/23	21,040	21,040	21,040	21,040
Budget Adjustments 2023/24 - 2026/27				
Pay & Price Increases	2,000	600	525	500
Budget adjustments relating to one-off items	-256	-20	-7	0
Ongoing Savings and Income Generation	-425	-25	0	0
New Budget Requirements and Alignment of Budget to Priorities	-101	300	-800	0
COVID-19 Recovery	-340	-200	0	0
Cumulative effect of Known Budget Adjustments	878	1,533	1,251	1,751
Total Budget Requirement (Baseline + Adjustments)	21,918	22,573	22,291	22,791
Total Funding Available (as Appendix 1)	20,689	20,870	19,254	19,438
Estimated Cumulative Surplus / Shortfall (-)	-1,229	-1,703	-3,037	-3,353

MEDIUM TERM FINANCIAL PLAN 2022 - 2026

OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

Cumulative Property Investment Income
 Cumulative Targeted Efficiency / Income Yield Programme
 Cumulative Council Tax Increase

	2023/24	2024/25	2025/26	2026/27
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Cumulative Property Investment Income	150	400	650	650
Cumulative Targeted Efficiency / Income Yield Programme	300	600	900	1,200
Cumulative Council Tax Increase	363	729	1,098	1,470
MTFP 26/27 Potential Impacts....				
Potential: Business Rate Changes	+/- ?	+/- ?	+/- ?	+/- ?
Potential: Fair Funding Review	+/- ?	+/- ?	+/- ?	+/- ?
Potential: Waste Strategy	+/- ?	+/- ?	+/- ?	+/- ?
Potential: Triennial Pension Valuation 2022	+/- ?	+/- ?	+/- ?	+/- ?
Potential: Asset Review	+/- ?	+/- ?	+/- ?	+/- ?
Potential: Government Manadted Revenue Raising Powers	+?	+?	+?	+?
Total of the Options Identified	813	1,729	2,648	3,320
Use of Equalisation Reserves (-) / Headroom +	-416	26	-389	-33

Reserves Supporting the MTFP

General Fund Balance	3,000	3,000	3,000	3,000	3,000
Budget Equilisation Reserve	2,699	2,283	2,283	1,894	1,861

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN 2022 - 2026

SUMMARY OF BUDGET REQUIREMENT 2023/24 - 2026/27

	2023/24	2024/25	2025/26	2026/27
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Pay & Price Increases				
Pay Award (assumed 2%)	150	150	150	150
Pay Award (2022/23)	300	80		
Increments	90	75	60	60
Materials	250	100	100	100
Prices (Utilities & Fuel)	520	-260		
Total Pay & Price Increases	1,310	145	310	310
Other Budget adjustments				
Internal/External Financing Costs of Capital Programme	750	500	500	
Senior Management Review	60			
Total Other Budget adjustments	810	500	500	0
Cumulative Impact of Expenditure Increases and Adjustments	2,120	2,765	3,575	3,885
Ongoing Savings and Income Generation				
Rent Increases @ CPI +1%	-3,200	-950	-980	-1,010
Service Charge Increases re Utilities	-390			
Total Ongoing Savings and Income Generation	-3,590	-950	-980	-1,010
Cumulative effect of Savings and Income Generation	-3,590	-4,540	-5,520	-6,530
Additional(-)/Reduced Resources available to support Capital Programme	-1,470	-1,775	-1,945	-2,645

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