

MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2021/22

1. Recommendations

- 1.1 Cabinet is asked to recommend to Council that:
 - 1.1.1 there is a General Fund Net Budget Requirement in 2021/22 of £19,291,410 as set out in appendix 5 to this report, including the transfers to and from reserves, as outlined in appendix 5d;
 - 1.1.2 the Band D Council Tax for 2021/22 shall be £183.36;
 - 1.1.3 the General Fund Capital Programme for 2021/22 of £15.947m, as set out in appendix 6 to this report be approved; and
 - 1.1.4 the site licence fees and service charges at Stillwater Park be increased by 1.1% in line with RPI inflation

2. Purpose of Report

- 2.1 To consider the development of the Medium Term Financial Plan, set the General Fund revenue and capital budgets for 2021/22 and set the level of Band D Council Tax.

3. Background

- 3.1 On 2 September 2020 and 4 November 2020 the Cabinet considered a number of issues through the established Medium Term Financial Plan reporting, that would affect the annual budget for 2021/22. The process has been more complex in this cycle in comparison to previous years due to the financial impact that the Coronavirus Pandemic has had on the Council's finances, and the forecast impact over the medium term period.
- 3.2 The figures as included in the September and November MTFP reports were based on latest information available at that time, before the provisional local government finance settlement had been released and before various new funding measures had been announced as part of the national effort to protect Local Government from the ongoing financial issues caused by the pandemic. **The financial assumptions in this paper are now based on the final finance settlement for 2021/22.**
- 3.3 The Medium Term position to 2024/25 forecasts a budget deficit of £2.885m (**£2.527m when taking the proposed Council Tax increase for 21/22 into account**). The Council has an excellent track record of planning for and addressing tough financial challenges and delivering balanced budgets. This will continue to need to include the crystallisation of savings and efficiencies in order to protect frontline service delivery to the Community.

- 3.4 In accordance with the Council's financial strategy this report sets out the final proposals for:
- The General Fund Net Budget Requirement for 2021/22
 - A level of Council Tax for 2021/22
 - The Medium Term Financial Plan to 2024/25
 - The General Fund Capital Programme for 2021/22
- 3.5 The Chancellor's November budget statement included a headline growth of £2.2bn to Local Government. 87% of this growth is down to allowable Council Tax Increases, with the remainder being new funding, some of which is one-off to 2021/22.

4. Financial Strategy

- 4.1 The Council's financial strategy for 2021/22 is to:
- Assume savings and vacancies identified during the 2020/21 budget review will be ongoing over the medium term,
 - Deliver efficiencies, income and savings which protect the delivery of frontline services provided to the Community,
 - Support investment in infrastructure and services through the prudent use of its reserves,
 - Ensure a sufficient and appropriate level of reserves are available during the period of the Medium Term Financial Plan to safeguard frontline services; and
 - Balance the needs of service users and council taxpayers

The budget for 2021/22 is set out in line with this strategy.

- 4.2 In order to address the significant forecast deficit to 2024/25, the Council's financial strategy over the medium term period extends to:
- The alignment of the budget to the Council's Corporate Plan and essential services,
 - 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,
 - Continuation of partnering and collaboration with others to transform service delivery,
 - 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.

5. Medium Term Financial Plan – General Fund Budget 2021/22

- 5.1 The summary position for 2021/22, before applying a Council Tax increase or use of Budget Equalisation Reserves is a deficit of £496k.

- 5.2 The budget for 2021/22 is set based on the continuation of current delivery models. If a decision is made to contract out the management and operation of the Council's 5 Leisure Centres, that decision does not directly result in any necessary adjustment to this proposed budget. The financial implications to the budget for 2021/22 as a result of any decision taken will be picked up and dealt with through the Council's established financial monitoring process.
- 5.3 Previous Medium Term Financial Plan updates were based on information pre-dating the release of the provisional finance settlement, the announcement of extended support measures into 2021/22 and pre-dating the Council's annual statutory return confirming Business Rate collection expectations for 2021/22. The provisional finance settlement has now been released, business rate retention forecasts updated and the full detailed budget preparation process has taken place, including the allocation of central corporate costs to the Portfolios. The updated resource summary (totalling £19.196m for 2021/22) and budget requirements (totalling £19.692m for 2021/22) are provided as appendix 1 and 2.
- 5.4 The provisional settlement for 2021/22 released during December was largely as anticipated, with the addition of some further financial support to assist with financial pressures into 2021/22 as a result of the pandemic. The headline increase of £2.2bn available across the sector included for 87% to come from allowable Council tax increases, before the referendum principles. It had been previously communicated that the settlement would be a one-year deal.

Funding factors that are implicated by the funding settlement assessment are;

- Business Rate Baseline - for 2021/22 the baseline is unchanged at £3.997m.
 - Business Rate Retention - the forecast business rates to be collected and retained by the Council above the baseline in 2021/22 total an estimated £2.1m.
 - The New Homes Bonus - the deadweight factor has been left at 0.4% for 2021/22. Legacy payments and an increase in affordable property numbers across the District result in bonus payments receivable of £276k for 2021/22.
 - Local Council Tax Reduction - a new one-off grant worth £209k to the Council in 2021/22.
 - Lower Tier Services Grant - a new one-off grant worth £170k to the Council in 2021/22.
- 5.5 To support the Council with on-going service delivery impacts of the pandemic into the new financial year, the following financial support has also been announced, albeit outside of the core financial settlement;
- COVID Support Grant - a £1.55bn fund has been set aside for distribution in 2021/22. Using the same methodology as tranches 3 and 4 of this equivalent grant results in the Council receiving £786k.
 - Sales, Fees and Charges Income Support Scheme - the extension to this scheme into Q1 2021/22 is estimated to be worth £300k.
 - Homelessness Support Grant - an increase of £125k in 2021/22 to assist in the eradication of homelessness and rough sleeping across the District.
 - Irrecoverable Tax Loss Scheme - At the point of write-off of Council Tax and NNDR, a new compensation scheme has been announced alongside the December settlement which would enable Councils to recover 75% of irrecoverable losses from the Government. The write-off has to occur as a result of circumstances prevailing from the Pandemic.

5.6 Other material changes (greater than £50k) that have been made within the budgets in comparison to 2020/21 include;

Pay & Price Increases

- Costs due to Pay Award (the additional 0.75% awarded in 2020/21 and an assumption of an additional £250 for salaries under £24k) and incremental progression have totalled £490k.
- £100k is included within the 2021/22 budget to cover a review of local pay and conditions (with proposals reportable through the HR Committee and Council).
- Inflation in Insurance (a whole market correction of up to 20%) utilities and contracts has been budgeted at £150k to 2021/22, reducing to £50k per annum thereafter.

Budget Adjustments relating to one-off items

- The 2020/21 General Fund budget funded £604k of ICT strategy expenditure. In 2021/22 the equivalent figure is £437k and is funded via reserves.
- The 2020/21 General Fund budget funded £97.5k of one-off Community (one-off construction) Grants. The Community Grants Panel has recommended one-off construction grants totalling £80.3k in 2021/22 (up to £100k is available) and is funded via reserves.
- The one-off project budget to provide adequate back-up power to ATC will be removed for 2021/22.
- The Council transferred the operational responsibility for a Public Convenience in April 2020 to Totton & Eling Town Council. The one-off payment to the Town Council to facilitate this transfer will be removed for 2021/22.
- The adopted local plan will result in fluctuating demands on planning resourcing and income over the period covered by this MTFP.
- As previously reported, the pension fund is in a fully funded position from April 2020, and so the Council will not be required to make an annual deficit payment to the fund in the years 2020/21 through to 2022/23. As this could be reversed on the next revaluation, the Council is not removing this financial commitment from its budget, but instead, will make an annual (£1.25M) payment into the Budget Equalisation Reserve until the next triennial valuation takes place in 2022.

Ongoing Savings Analysis

- Vacancy control measures introduced in 2020/21 will continue to yield savings worth £500k into 2021/22.
- The removal of the General Fund Contribution to the Capital Programme Financing will be replicated in 2021/22.
- Budget Review measures introduced in 2020/21 will continue to yield savings worth £246k into 2021/22.
- Net Investment Property Income of £235k has been added to the budget for 2021/22 reflecting the income earned from investments made in 2020/21.

New Budget Requirements

- As detailed in previous reporting, Recycling Credits Income will be retained by Hampshire County Council in 2021/22 resulting in a necessary removal of the income budget worth £280k. Further adverse adjustments are anticipated in 2022/23.

- Typically an annual recharge is undertaken on the Milford beach frontage with the aim to try and maintain beach levels to protect the existing seawall and other assets. This is a challenging site as the general trend is for reducing beach volumes. The revenue maintenance budgets will be topped up by £87k whilst a major coast protection scheme will be worked up over the next 12 months.
- The Environment Overview and Scrutiny Panel received an update from the Council's Tree Safety Officer, and have recommended a new budget be introduced to accommodate the necessary removal of diseased Ash trees, initially over a period of 15 years with 2 for 1 replanting in line with the current policy. A new on-going budget of £75k has been included, with around $\frac{3}{4}$ quarters of this value being attributable to the delivery of 2 for 1 replanting supporting the Council's Green Agenda.
- Other items (individually less than £50k) as detailed in appendix 2 total £85k.

Covid-19 Recovery

- A 70% Health & Leisure income return has been assumed for 2021/22, resulting in a necessary adjustment of £2.1M, with a full recovery to pre-covid levels expected by 2023/24.
- In response to lower anticipated user levels, reductions to staffing and operational savings have been forecast at £190k to 2021/22.
- Town Centre parking Income is expected to be lower in 2021/22, but a review of fees and charges and charging in general across the District will compensate for this expected loss.
- As a result of the low base rate, interest earnings will be impacted during 2021/22, with lower levels assumed to the tune of £230k in 2021/22. As the Council utilises its cash reserves in accordance with the Capital Strategy, general balances and so earnings will reduce over the medium term as opposed to recovering fully to pre-covid levels.
- An additional expenditure allowance of £360k has been assumed within the budget on the assumption that, for example, continued social distancing measures and enhanced cleaning will be required into 2021/22.
- As previously outlined, a support grant is expected to help compensate these additional costs and income losses.

5.7 The Council is in a strong position to invest in its services and has identified a significant level of savings to help absorb the necessary cost increases. However as outlined further in section 6 of this report, there is still work to be done over the period covered by this Medium Term Financial Plan to provide a balanced budget to 2024/25.

5.8 **Planned use of and contributions to Reserves**

Appendix 5d outlines all movements in reserves actioned in the 2021/22 General Fund revenue budget setting. In summary, the original 2020/21 budget allowed for net transfers to reserves totalling £2.056M. In 2021/22, planned net transfers to reserves total £297k. Supporting narrative to explain the new use of reserves in 2021/22 is provided as follows;

5.8.1 The maintenance project planned for Stillwater Park in 2020/21 couldn't go ahead, and so the funding was placed into earmarked reserves and will be used to finance the project in 2021/22

- 5.8.2 Since 2009/10, the Council and Priestlands School have been paying proportionate contributions (60% / 40% respectively) into a Synthetic Turf Pitch (STP) fund to cover the annual maintenance of the STP and to accrue a balance to enable a full replacement in line with the anticipated useful life expectation. The pitch was originally due to be replaced in 2019/20, however this project will now be delivered in 2021/22, so the value of the fund is released to the 2021/22 budget.
- 5.8.3 The investment in delivering the ICT Strategy 2018-22 will require funding from reserves of £437k in 2021/22.
- 5.8.4 The support across the New Forest to various Community Groups and Organisations through the Councils annual one-off construction grant process will require funding from reserves of up to £100k, with £80k currently built into the original budget 2021/22.
- 5.8.5 £1.250m of the previous payment towards the Pension Fund deficit will be retained within the general fund budget, but payable to the budget equalisation reserve.
- 5.8.6 To help produce a balanced budget for 2021/22, £138k will be used from the accrued budget equalisation reserve.
- 5.8.7 Section 9 of this report provides a commentary on the level of other useable reserves, over the period covered by this MTFP.

5.9 Summary of Proposals and Council Tax for 2021/22

- 5.9.1 The 2021/22 budget is set in the context of an ongoing pandemic. Estimates have been made on the impact into 2021/22 and over the Medium Term period. The Council's General Fund reserve is maintained at £3M to support any additional non-funded pressures that may arise, above the budget provisions allowed for.
- 5.9.2 The General Fund net budget requirement for 2021/22 will be £19.291m (appendix 5a & 5b), an increase of £97,300 on the 2020/21 budget requirement.
- 5.9.3 Pay & Price and new budget requirements of £1.167m have been added to the Council's budget for 2021/22, along with Covid-19 implications of £1.332m. One-off item adjustments and ongoing savings totalling £2.287m have been identified to counter the increases in costs.
- 5.9.4 The proposed central support service business unit budgets have been provided at appendix 5c. Due to their nature, these costs end up across several Portfolios and so warrant separate inclusion as part of this budget setting report.
- 5.9.5 **The budget deficit of £496k for 2021/22 will be closed by utilising £138k from Budget Equalisation Reserves, and through a Band D Council Tax increase of £5 (2.8%) to £183.36 for the year (worth £358k to the Council). The cost to be met by council taxpayers will be £13,117,336.**

6. The Medium Term Position

- 6.1 A 1 year funding settlement has been made by the government leaving uncertainty over the medium term on the potential impact that the ongoing Fair Funding Review and the final design of the business rate retention scheme will have on individual local authorities. Both could have the ability to have a significant weighting on the availability of resources to fund Council services. The LGA continue to lobby the government on behalf of Local Government on a meaningful longer-term settlement to enable robust medium term financial planning.
- 6.2 In the past few years, the government has made a clear move away from providing revenue budget support to lower tier authorities, towards a system where local authorities rely on local taxation paying for the local services provided. The Council's reliance on Business Rates as a key funding source is now more prominent than ever. The Medium Term Financial Plan assumes a significant proportion of the Council's funding is receivable through Business Rate income. Officers of the Council will await any government proposals with regards to changes to the current 50% retention scheme, and any other more fundamental changes to this form of taxation with interest.
- 6.3 The Medium Term summaries set out over appendices 1, 2 and 3 provide an outlook of the future years' budgets and are set out on a prudent basis using the latest known information. Over the period covered by this plan, the delivery of the strategic sites as identified in the adopted Local Plan and the potential for Freeport status within the District both have the potential to offer significant financial opportunities to the New Forest.
- 6.4 The Council will continue to work towards the financial strategy as set out in section 4 of this report to ensure the longer-term financial stability of the Council. The current Medium Term Financial Plan deficit to 2024/25 (appendix 2) of £2.885m (**£2.527m when taking the proposed Council Tax increase for 21/22 into account**) will be closed dependant on the;
- successful implementation of the commercial and residential property strategies to bring valuable new sources of additional income into the Council,
 - successful implementation and delivery of savings targeted from reviews underway,
 - successful identification of further efficiencies to be identified during 2021/22 to take effect over the medium term,
 - Council's ability to maximise its revenues through local taxation; and
 - prudent use of budget equalisation reserves

7. Pay & Reward

- 7.1 The working assumption in this Medium Term Financial Plan is that annual pay award of 2% will be applied to each financial year 2022/23 – 2024/25. A lower level of pay award has been assumed for 2021/22, on the assumption that the award will be based on the Chancellor's previous announced '£250 for anyone earning £24,000 or less'. The Employee Side Liaison Panel will keep abreast of developments on the pay bargaining negotiations as they progress into 2021 and the Council's General Budget reserve will be called upon if necessary for 2021/22.
- 7.2 The Council has set aside £100k within the 2021/22 budget to provide cover for potential costs of any pay reviews the Council decides to undertake. This financial

commitment demonstrates the Council's understanding that appropriate pay and remuneration are key to the service delivery standards that the Council strives to achieve.

8. General Fund Capital Programme and Financing

- 8.1 The Council's proposed General Fund Capital Programme for 2021/22 totals £15.947m. The detail at project level and the proposed financing for the 2021/22 programme is detailed in appendix 6.
- 8.2 The Capital programme includes Smarter Working and the New Depot project, both initially included within previously approved capital programmes with a caveat that design and feasibility could proceed, but delivery would require further approval from Cabinet and where necessary Full Council.
- 8.3 In an adjustment to the *Asset Maintenance and Replacement Programme and General Fund Capital Programme* report that was presented to the Cabinet earlier in the month, the timing of the Hardley Depot project has been amended with less resource now allowed for in 2021/22 to reflect the latest expected delivery timeframe. The provisional sum included for the Crow Lane industrial park development project has also been updated, with this project subject to business case approval by the Cabinet and Full Council during 2021/22.
- 8.4 Other key elements of the Council's Capital Programme are the Commercial and Residential Property Acquisition and Development Funds. These are not shown in the programme at appendix 6 because of the uncertainty around when funds will be required. The Council has established governance arrangements in place for the approval of funds, and in-year financial reporting and updates to the Corporate Overview and Scrutiny Panel provide members with valuable updates on activity in this area.
- 8.5 A range of Prudential Indicators need to be approved prior to the start of each financial year. The Council's Capital Strategy presented to the Cabinet on 4th February 2021 included the key capital Indicators. The Treasury Management function and Investment Strategy for 2021/22 to 2023/24 were considered by the Audit Committee on 29 January 2021 and have been recommended to the Council for approval. The timing and provisional sum adjustments as outlined in para 8.3 has no overall bearing on the Capital Strategy and so does not necessitate a re-drafting.

9. Robustness of Estimates and Adequacy of Reserves

- 9.1 There are a range of safeguards in place to help prevent local authorities overcommitting themselves financially. These include the Chief Finance Officer's duty to report on the robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales).
- 9.2 The 2021/22 budget has been constructed based on all latest information and considers all factors that will have an implication to 2021/22 that are in the Council's control. Budget variations in relation to the ongoing pandemic have been considered, as the additional on-off streams included within the budget where appropriate. Income

projections are sensible and not overinflated, inflation is allowed for where it is expected to occur, and the full cost of the Council's staffing establishment is based on latest pay assumptions and is calculated in an appropriate level of detail. Senior Management across the Council engage with the Council's central finance team on the preparation of the detailed budgets, and only budgets that have the backing of senior management make it through to this budget setting report for consideration by members of the Cabinet.

- 9.3 In setting the General Fund Revenue Budget for 2021/22, the Council is utilising revenue reserves. The reserve transfers are clearly laid out in appendix 5d and are for specific purposes. Appendix 6 details the value of reserves to be utilised in financing the General Fund Capital Programme in 2021/22. The Council's Capital Strategy (Cabinet 4-Feb-2021) takes this further to combine the General Fund and Housing Revenue Account Capital Programmes and details how reserves will be utilised in financing the delivery of these forecast programmes over the medium-term period. Use of reserves is supplemented where appropriate with borrowing, and an assessment is made on the affordability and proportionality of financing charges to the revenue budget.
- 9.4 The General Fund Balance reserve at £3m is considered to be adequate considering the overall size of the Council's budget and current delivery methods of services. If, in the delivery of the Council's Financial Strategy, significant delivery models change resulting in a shift in retained risk to the Council, this would trigger a review of this held reserve. Variations in actual performance as compared to budget assumptions are inevitable in an organisation with a turnover as large as the Council's, especially when also considering the diverse range and complexities of services and differing levels of demand on those services throughout a fiscal period. Reserves exist, in particular the General Fund Balance reserve, to provide a cushion for these variations.
- 9.5 The Council's Chief Finance Officer is satisfied on the robustness of the estimates as included in the budget for 2021/22 and MTFP to 2024/25 and is able to provide assurance on the adequacy of reserves held by the Council.

10. Stillwater Park

- 10.1 Annually, the Cabinet recommends to Council the proposed Fees and Charges increase for the licence fees and service charges at Stillwater Park.
- 10.2 In line with previous years, the level of increase being proposed is in line with September RPI inflation, equivalent to 1.1%.

11. Risk Management

- 11.1 The budget for 2021/22 is based upon best estimates, but uncertainty still remains over the medium term, particularly surrounding the pandemic recovery, the potential re-design of the Business Rate retention scheme (in replacement of all other central funding) and the continuing uncertain economic climate (particularly surrounding Brexit). There has been strong suggestions that government departmental budgets would see an annual inflationary increase in the near future, as opposed to the reductions that has been the norm since 2009, however, the significant element of additional departmental spending announced for 2021/22 is achievable through

Council Tax increases and not new fiscal government support. It is vitally important that the Council continues with its prudent financial planning and continues to deliver the required savings/new income over the medium term period.

- 11.2 The Council provides regular financial monitoring reports, providing valuable updates on the latest forecasts as against original expectations and has £3m in the General Fund Reserve, available to support service delivery budgets. The Council also has a Budget Equalisation Reserve, which exists to smooth out annual fluctuations in Council funding. Within this context, the budget as now presented to Cabinet is considered to be robust and deliverable.

12. Crime and Disorder / Equality and Diversity

- 12.1 The Council's budget for 2021/22 includes investment of £38,000 on replacement CCTV cameras within the district. These cameras act as a deterrent to crime and disorder and the Council's CCTV monitoring officers are in regular contact with the Police. Over the Medium term, as the Council continually strives to provide services with less resources, any potential Crime and Disorder AND Equality and Diversity implications will be covered as and when key decisions are made.

13. Environmental Implications

- 13.1 The Council's vision to become a greener authority will gather momentum in 2021/22 with the Portfolio Holders taking a collective lead on a number of workstreams.
- 13.2 Investment in the Smarter Working programme has helped to reduce travelling time for officers across several departments of the Council and has improved the efficiency of a large proportion of office space. The Asset Maintenance and Replacement Programme will see energy efficient lighting installed in more areas of Council buildings and will replace older less economic vehicles with the latest and most up to date models.

14. Portfolio Holder Comments

- 14.1 Whilst the MTFP is focused on looking forward, it would seem remiss not to mention the events of 2020/21 which have had such a significant impact on this Council's finances. It was within months of setting the 2020/21 budget that the pandemic impacted across the country and the New Forest causing significant adverse impact on the Council's projected income and resulting in a need for us, as a Council, to revise our forecast and restate our position for the year.
- 14.2 In light of these changes forced upon us our investment strategy in ICT and infrastructure has paid dividends and proved to be invaluable to the community often enabling us to work remotely and so continue to provide for residents with a seamless service, keep workers safe as well as doing our part in protecting the NHS.
- 14.3 As we look forward, within the budget we are proposing an increase of £5 taking New Forest District Council's band D council tax to an annual charge of £183.36 or £3.53 per week representing, I believe, a value for money service and further ensuring that we not only continue to deliver the quality services that our residents expect but that

we are able to act when unforeseen circumstances arise, such as the sea wall failure at Milford.

- 14.4 The MTFP shows a fully funded budget for 2021/22 however it also indicates that rising costs will increase the financial pressures on this Council as we go forward. We have, in the past, looked to efficiencies to deliver those much needed savings but there is an inevitability that this becomes increasingly difficult to achieve and we must therefore look to alternatives if we are to maintain those all-important front line services.
- 14.5 As a Council we have now embraced a commercial property investment strategy designed to support business within the district and to deliver a financial benefit to our residents but this cannot be the sole preserver of the long term financial stability. In a strange way Covid-19 has also given an insight into the possible way that we can evolve and whilst no one would expect to maintain such a level of remote working the past year has shown that we have an opportunity to review the level of accommodation required and how we can facilitate better use of our time and deliver a reduction in the Council's carbon footprint.
- 14.6 We also need to take a look at how we deliver our services as twentieth century methods may not be appropriate for the twenty-first century and the refrain of "this is how we have always done things" is not a reasoned argument; we are after all here to deliver services to our residents in the most effective and cost efficient way that we can.

For Further Information Please Contact:

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Background Papers:

Emer. Bud. & MTFP – Sept '20
MTFP – Nov '20
Financial Monitoring – Dec '20
Asset Maint & Rep – Feb '20
Capital Strat.– Feb '20

MEDIUM TERM FINANCIAL PLAN 2020 - 2024

SUMMARY OF RESOURCES

FUNDING

	2020/21	2021/22	2022/23	2023/24	2024/25
Original					
Budget	Forecast	Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Business Rates Baseline	3,997	3,997	4,077	4,158	4,242
- Business Rates Tariff Adjustment					
- Business Rates Retained Surplus	2,398	2,134			
- Business Rates Collection Fund Deficit(-) / Surplus	892	-424			
Transition Grant / Business Rate Redistribution			400	400	400
New Homes Bonus	286	276	182	0	0
Local Council Tax Reduction Grant		209			
Lower Tier Services Grant		170			
Additional Homelessness Grant		125			
Irrecoverable Tax Loss Compensation		44			
Contribution to (-) Budget Equilisation Reserve	-1,062				
Total Government Determined Resources	6,511	6,531	4,659	4,558	4,642
Council Tax					
Base from Previous Year	12,321	12,969	12,665	12,761	12,858
- Council Tax Collection Fund Deficit(-) / Surplus	218	-312			
Tax Base Adjustment (Additional Properties)	73	8	96	97	98
Agreed Increase	357				
Total Council Tax	12,969	12,665	12,761	12,858	12,956
TOTAL FUNDING	19,480	19,196	17,420	17,416	17,598
Cumulative Change from Original 2020/21		284	2,060	2,064	1,882
%age change		1%	11%	11%	10%

MEDIUM TERM FINANCIAL PLAN 2020 - 2024

SUMMARY OF BUDGET REQUIREMENT

Baseline Funding 2020/21

Budget Requirement 2021/22

Pay & Price Increases

Pay Award (lower 21/22, 2% thereafter)

Increments

Prices (Insurance, Utilities, Fuel & Maint.)

Pay & Price Increases

Cumulative Pay & Price Increases

Budget adjustments relating to one-off items

Investment as outlined in ICT Strategy 18-22 (20/21)

Funding of One-off Community 'Construction Grants' (20/21)

Investment in back-up power contingency ATC

Transfer of Public Convenience to Totton & Eling TC

Taxi Licence 5 yr cyclical income

Investment in an Electoral Review of the District

Planning: Strategic Sites

Ongoing Savings

Vacancy Management

Removal of RCCO

Budget Review

Commercial Property Income

Residential Property Income

Garden Waste Service - Additional Users

Reduction in SLA to Citizens Advice New Forest

Payback on Solar PV investment

Cumulative effect of Adjustments and Savings

New Budget Requirements

HCC T19; Waste Collection

Milford Beach Shingle Recharge

Ash Die Back - 15 Yr and 2 for 1

Partnership for South Hampshire

Keyhaven Moorings Improvements

Housing Renovation Grants Additional Post (50% GF / 50% HRA)

COVID-19 Recovery

Health & Leisure Centre Income Recovery

Health & Leisure Centre Cost Reduction

Planning Income Recovery

Parking Income Recovery

Parking & Charging Review Mitigation

Reduced Interest Earnings

Additional Expenditure as a result of Covid-19

COVID Support Grant 2021/22

Sales, Fees and Charges Scheme Q1 2021/22

Cumulative effect of New Requirements and COVID Recovery

TOTAL BUDGET REQUIREMENT

Total Funding Available (as above)

Estimated Cumulative Surplus / Shortfall (-)

	2021/22	2022/23	2023/24	2024/25
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2020/21	19,480	19,480	19,480	19,480
Budget Requirement 2021/22				
Pay & Price Increases				
Pay Award (lower 21/22, 2% thereafter)	294	400	400	400
Increments	196	200	200	200
Prices (Insurance, Utilities, Fuel & Maint.)	150	50	50	50
Pay & Price Increases	640	650	650	650
Cumulative Pay & Price Increases	640	1,290	1,940	2,590
Budget adjustments relating to one-off items				
Investment as outlined in ICT Strategy 18-22 (20/21)	-604			
Funding of One-off Community 'Construction Grants' (20/21)	-98			
Investment in back-up power contingency ATC	-100			
Transfer of Public Convenience to Totton & Eling TC	-50			
Taxi Licence 5 yr cyclical income	-37	37		
Investment in an Electoral Review of the District	-15			
Planning: Strategic Sites	25		-80	50
	-879	37	-80	50
Ongoing Savings				
Vacancy Management	-500		100	
Removal of RCCO	-375			
Budget Review	-246			
Commercial Property Income	-166			
Residential Property Income	-69			
Garden Waste Service - Additional Users	-31			
Reduction in SLA to Citizens Advice New Forest	-21			
Payback on Solar PV investment		-7		
	-1,408	-7	100	0
Cumulative effect of Adjustments and Savings	-2,287	-2,257	-2,237	-2,187
New Budget Requirements				
HCC T19; Waste Collection	280	400		
Milford Beach Shingle Recharge	87			-87
Ash Die Back - 15 Yr and 2 for 1	75			
Partnership for South Hampshire	25			
Keyhaven Moorings Improvements	38	-53		
Housing Renovation Grants Additional Post (50% GF / 50% HRA)	22			
	527	347	0	-87
COVID-19 Recovery				
Health & Leisure Centre Income Recovery	2,100	-1,575	-525	
Health & Leisure Centre Cost Reduction	-190	75	25	
Planning Income Recovery	25	-25		
Parking Income Recovery	120	-80	-40	
Parking & Charging Review Mitigation	-227			
Reduced Interest Earnings	230	-50	-50	
Additional Expenditure as a result of Covid-19	360	-360		
COVID Support Grant 2021/22	-786	786		
Sales, Fees and Charges Scheme Q1 2021/22	-300	300		
	1,332	-929	-590	0
Cumulative effect of New Requirements and COVID Recovery	1,859	1,277	687	600
TOTAL BUDGET REQUIREMENT	19,692	19,790	19,870	20,483
Total Funding Available (as above)	19,196	17,420	17,416	17,598
Estimated Cumulative Surplus / Shortfall (-)	-496	-2,370	-2,454	-2,885

MEDIUM TERM FINANCIAL PLAN 2020 - 2024

OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

Commercial / Residential Property Investment 2021/22
 Commercial / Residential Property Investment 2022/23
 Commercial / Residential Property Investment 2023/24

Cumulative Property Investment Income

In Progress: Leisure Delivery Review

In Progress: Boundary Review

MTFP 24/25 Savings In Progress**Targeted Efficiency Programme**

£5 Council Tax Increase 2021/22

£5 Council Tax Increase 2022/23

£5 Council Tax Increase 2023/24

£5 Council Tax Increase 2024/25

Cumulative Council Tax Increase**MTFP 24/25 Potential Impacts....**

Potential: Business Rate Changes

Potential: Fair Funding Review

Potential: Waste Strategy

Potential: Triennial Pension Valuation 2022

Potential: Asset Review

Total of the Options Identified**Temporary Use of Equalisation Reserves (-) / Budget Surplus Headroom +**

	2021/22	2022/23	2023/24	2024/25
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
		180	180	180
		220	220	220
			250	250
Cumulative Property Investment Income	0	400	650	650
			300	400
			80	80
MTFP 24/25 Savings In Progress	0	0	380	480
		333	666	1,000
	358	358	358	358
		360	360	360
			363	363
				366
Cumulative Council Tax Increase	358	718	1,081	1,447
		+/- ?	+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
			+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
Total of the Options Identified	358	1,451	2,777	3,577
Temporary Use of Equalisation Reserves (-) / Budget Surplus Headroom +	-138	-919	323	692

Reserves Supporting the MTFP

General Fund Balance

Budget Equilisation Reserve

3,000	3,000	3,000	3,000	3,000
2,837	2,699	1,780	1,780	1,780

MEDIUM TERM FINANCIAL PLAN 2020-2024

	2020/21	2021/22	2022/23	2023/24
	£'000's	£'000's	£'000's	£'000's
ASSET MAINTENANCE & REPLACEMENT PROGRAMME				
Asset Maintenance				
Health & Leisure Centres (including Equip)	500	500		
Dibden Golf Centre	72			
Offices, Depots & Outlying Buildings	118	112		
Stillwater Park	75	68		
CCTV Camera Replacement	31	38		
Demolition of 2 x Public Conveniences		60		
	796	778	-	-
ICT Replacement Programme	150	100		
V&P; Deferred Expenditure (Depreciation / MRP)	1,082	1,125		
	2,028	2,003	-	-
Rephased Budget from previous year	- 28	- 68		
Less: Proportion rechargeable to Third Party Tenants		- 15		
Less: Proportion allocated to HRA	- 200	- 214		
Total Revenue Programme	1,800	1,706	1,700	1,700
ICT INVESTMENT AND THIRD PARTY GRANTS				
ICT Maintain & Protect				
ICT Strategy (including 'Customer') 2018-2022	728	558		
Less: Proportion allocated to HRA	- 124	- 121		
	604	437	-	
Community Grants - 'One-off Construction'	98	80	100	100
Total Business Development and Third Party Programme	702	517	100	100

MEDIUM TERM FINANCIAL PLAN 2020-2024

GENERAL FUND BUDGET 2021/22

PORTFOLIO REQUIREMENTS

	2020/21 £'000's Budget	2021/22 £'000's Gross Expenditure	2021/22 £'000's Income	2021/22 £'000's Budget
Community Affairs	1,497	1,945	-432	1,513
Economic Development	-11	401	-426	-25
Environment and Regulatory Services	9,177	12,789	-3,342	9,447
Finance, Investment & Corporate Services	3,863	39,815	-36,871	2,944
Housing Services	1,847	5,226	-3,434	1,792
Leader and Corporate Affairs	68	68	0	68
Leisure and Wellbeing	1,403	8,411	-5,452	2,959
Planning and Infrastructure	1,361	6,791	-5,527	1,264
	19,205	75,446	-55,484	19,962

Reversal of Depreciation	-1,545	0	-1,526	-1,526
Contribution to/(from) Earmarked Revenue Reserves	-256	119	-934	-815
Contribution to Revenue Reserves	1,250	1,250	0	1,250
NET PORTFOLIO REQUIREMENTS	18,654	76,815	-57,944	18,871

Minimum Revenue Provision	1,181	1,265	0	1,265
RCCO	375	0	0	0
Interest Earnings (Net)	-730	0	-569	-569
New Homes Bonus	-286	0	-276	-276
GENERAL FUND NET BUDGET REQUIREMENTS	19,194	78,080	-58,789	19,291

COUNCIL TAX CALCULATION

Budget Requirement	19,194	78,080	-58,789	19,291
Less:				
Settlement Funding Assessment				
Lower Tier Services Grant	0		-170	-170
Council Tax Reduction Support Grant			-209	-209
Business Rates Baseline	-3,997	24,802	-28,799	-3,997
	-3,997	24,802	-29,178	-4,376

Locally Retained Business Rates	-2,398	954	-3,088	-2,134
Budget Equalisation Reserve	1,062	0	-138	-138
Estimated Collection Fund (Surplus)/Deficit Business Rates	-892	424	0	424
Estimated Collection Fund (Surplus)/Deficit Council Tax	-218	94	0	94
Irrecoverable Tax Loss Grant	0	0	-44	-44
Use of General Budget Reserve				0
COUNCIL TAX	12,751	104,354	-91,237	13,117

TAX BASE NUMBER OF PROPERTIES	71,492.90			71,538.70
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COUNCIL TAX PER BAND D PROPERTY	178.36			183.36
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GENERAL FUND BALANCE 31 MARCH	3,000			3,000
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MEDIUM TERM FINANCIAL PLAN 2020-2024

ANALYSIS OF GROSS PORTFOLIO REQUIREMENTS

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	Income	Budget
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2021/22									
Community Affairs	931	49	3	807	155	0	1,945	-432	1,513
Economic Development	259	14	0	84	44	0	401	-426	-25
Environment and Regulatory Services	7,711	1,209	2,092	797	625	355	12,789	-3,342	9,447
Finance, Investment & Corporate Services	3,874	244	21	35,340	335	1	39,815	-36,871	2,944
Housing Services	1,868	334	0	2,721	303	0	5,226	-3,434	1,792
Leader and Corporate Affairs	31	0	0	32	5	0	68		68
Leisure and Wellbeing	4,977	1,976	1	1,063	384	10	8,411	-5,452	2,959
Planning and Infrastructure	4,483	1,161	0	407	715	25	6,791	-5,527	1,264
	24,134	4,987	2,117	41,251	2,566	391	75,446	-55,484	19,962
2020/21									
Community Affairs	963	42	3	788	180	0	1,976	-479	1,497
Economic Development	279	2	0	84	50	0	415	-426	-11
Environment and Regulatory Services	7,634	938	2,027	815	679	395	12,488	-3,312	9,176
Finance, Investment & Corporate Services	3,993	333	21	34,971	389	1	39,708	-35,845	3,863
Housing Services	1,580	339	0	2,665	292	0	4,876	-3,029	1,847
Leader and Corporate Affairs	31	0	0	32	6	0	69	0	69
Leisure and Wellbeing	5,068	2,071	1	1,074	421	18	8,653	-7,250	1,403
Planning and Infrastructure	4,486	1,193	0	375	778	25	6,857	-5,496	1,361
	24,034	4,918	2,052	40,804	2,795	439	75,042	-55,837	19,205

MEDIUM TERM FINANCIAL PLAN 2020-2024

CENTRAL SUPPORT SERVICE BUSINESS
UNITS

2021/22

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	External Income	Budget
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Human Resources (704)	350	14	3	52	174	0	593	-33	560
Community & Business Improvement (713)	130	4	0	1	6	0	141	0	141
Communications (716)	169	5	0	7	29	0	210	0	210
Legal Services (742)	357	11	1	52	139	0	560	-5	555
Secretarial Services (724)	204	7	0	6	33	0	250	0	250
ICT (736)	1,194	36	6	82	144	0	1,462	-65	1,397
ICT Maint./Licences/Phones (738)	0	0	0	1,482	0	0	1,482	0	1,482
ICT Communications (740)	0	0	0	249	48	0	297	-24	273
The Design Room (734)	84	2	0	16	11	0	113	-6	107
Customer Services (732)	229	12	1	5	62	0	309	0	309
Courier (722)	29	0	11	0	1	0	41	0	41
Information Offices (731)	280	60	2	78	18	0	438	-8	430
Support Services (762)	231	15	0	23	33	0	302	0	302
Transactional Finance (766)	235	9	0	18	19	0	281	-2	279
Accountancy (780)	332	10	1	11	70	0	424	-25	399
Internal Health and Safety (822)	139	4	2	17	9	0	171	0	171
Hsg Maint - Shared Support Hub	509	39	2	11	76	0	637	0	637
Hsg Maint - Operations Management	486	49	38	11	38	0	622	0	622
Site Officers (960)	107	8	0	1	23	0	139	0	139
Central Procurement (964)	203	5	1	13	42	0	264	-1	263
Valuers (970)	270	6	3	20	61	0	360	-77	283
Property Services (976)	158	6	3	5	101	0	273	0	273
Building Cleaning - Offices	74	0	0	2	19	0	95	0	95
	5,770	302	74	2,162	1,156	0	9,464	-246	9,218

MEDIUM TERM FINANCIAL PLAN 2020-2024

GENERAL FUND REVENUE BUDGET -
MOVEMENT IN RESERVES

	Contribution From(-) / To Reserves in 2020/21	Reserve Transfers not required / possible in 2021/22	Contribution From(-) / To Reserves for 2021/22	Use of (-) / Contributions to reserves in 2021/22
	£'000's	£'000's	£'000's	£'000's
Contribution from Reserves				
Asset Maintenance Project Rephasing	-28		-40	-68
Community Housing Fund	-44			-44
Open space Maintenance	-56			-56
Lymington STP	-172			-172
ICT Strategy 18-22 (GF proportion)			-437	-437
Community Grants			-80	-80
Rough Sleepers Grant			-77	-77
	-300	0	-634	-934
Contribution to Reserves				
District Council Elections	44			44
Rough Sleepers Grant			75	75
	44	0	75	119
Budget Equilisation Reserves				
Budget Stabilisation	1,062	-1,062	-138	-138
Pension Adjustment 2019 Valuation	1,250			1,250
	2,312	-1,062	-138	1,112
Total Contribution from (-) / to reserves	2,056	-1,062	-697	297

MEDIUM TERM FINANCIAL PLAN 2020-2024

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

	Portfolio	PROJECT REQUIREMENTS £			ORIGINAL 2021/22 PROJECT FINANCING £					
		2020/21 £ Budget Revised (essential Schemes)	2021/22	2022/23	2023/24	NFDC Resources / Loan	TBC	Better Care Fund	Grant	DC / CIL
Disabled Facilities Grants	HOU	620,000	1,200,000	1,200,000	1,200,000		1,200,000			
Strategic Regional Coastal Monitoring (15-21)	ENV	1,495,000	2,300,000	2,161,000	1,966,000			2,300,000		
Barton Drainage Test (19-21)	ENV	225,000	125,000	50,000				125,000		
Westover Phase 2 Scheme Development	ENV		275,000			25,000		250,000		
Public Convenience Modernisation Programme	ENV		300,000	300,000	300,000	300,000				
Public Convenience Additional Enhancements	ENV/LEADERS		75,000			75,000				
Emergency Works - Milford Sea Wall	ENV	1,825,000								
Emergency Works - Milford Sea Wall S151 Contingency	ENV/F,CS&I	300,000								
New Depot Site: Hardley	F,CS&I	250,000	2,000,000	3,300,000		2,000,000				
New Depot Site: West	F,CS&I		100,000			100,000				
V&P; Replacement Programme	F,CS&I	841,000	3,462,000	2,992,000	692,000	3,462,000				
Smarter Working; Future Delivery	F,CS&I	250,000	250,000	250,000		250,000				
Economic Sustainability & Regeneration Projects - Crow Lane Ringwood (provisional sum)	F,CS&I	3,000,000								
Residential Acquisitions	F,CS&I	1,500,000	5,000,000	5,000,000		5,000,000				
Open Space Schemes	P&I	155,000	265,000	300,000	200,000					265,000
Transport Schemes	P&I	150,000								
Mitigation Schemes	P&I	199,000	595,000	475,000	250,000					595,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		10,810,000	15,947,000	16,028,000	4,608,000	11,212,000	0	1,200,000	2,675,000	860,000
										15,947,000
LOAN FINANCED					V&P	-3,462,000				
					80% of Economic Regeneration	-4,000,000				
RESIDUAL NFDC RESOURCES						3,750,000				