

CABINET – 4 OCTOBER 2023

**PORTFOLIO: FINANCE &
CORPORATE / HOUSING AND
HOMELESSNESS / ALL**

MEDIUM TERM FINANCIAL PLAN 2023 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 2024/25 and through to 2027/28 are developed further;
 - c) That the Fees and Charges Policy set out in section 4f of the report be adopted; and
 - d) 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 2023 onwards for the General Fund and consider the factors that will influence its delivery and that of the annual budget strategy 2024/25.
- 2.2 To consider the initial development of the Housing Revenue Account Budget for 2024/25 and confirm the factors that will influence the delivery of the Housing Revenue Account over a longer-term period.
- 2.3 To establish a Fees and Charges policy position and set out parameters for decision making on fees growth covering the Council's Medium Term Financial Plan period.

3. BACKGROUND

- 3.1 The Council's financial strategy seeks to achieve a balanced budget through the crystallisation of efficiencies from all services, supported with the targeting of new and additional income generation and align available financial resources, and create additional financial resources, to deliver on corporate priorities. 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 2023/24 did not come as a surprise considering the norm from the previous few years. It was however backed with a 2 year policy statement, which at least gives some confidence in factors that are likely to be seen within the 2024/25 finance settlement. It is unlikely that the long-awaited Fair Funding Review will come into effect from 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 Inflation has now fallen from its peak of 11.1% reached in October 2022, but annual headline CPI in July 2023 of 6.8% is still higher than where the government would like see it.
- 3.4.2 In efforts to bring inflation down the Bank of England's Monetary Policy Committee (MPC) has steadily and consistently increased the Bank Rate over the last 12 months, increasing from 1.75% pre August 2022, to 5.25% as at August 2023.
- 3.4.3 With many mortgages at low fixed rates now systematically being re-set over the next 12-24 months at higher rates at the end of their fixed rate period, there has been a lagged effect of the feed through of monetary policy on households' disposable income. The economic slowdown is expected to develop over time.
- 3.5 The significance of the National Employers Pay Award final offer for 2023/24 has been reflected in this Medium-Term Financial Plan, at an additional cost of £650,000 to the General Fund, and £225,000 to the Housing Revenue Account.
- 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 2027/28. 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 2024/25, 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

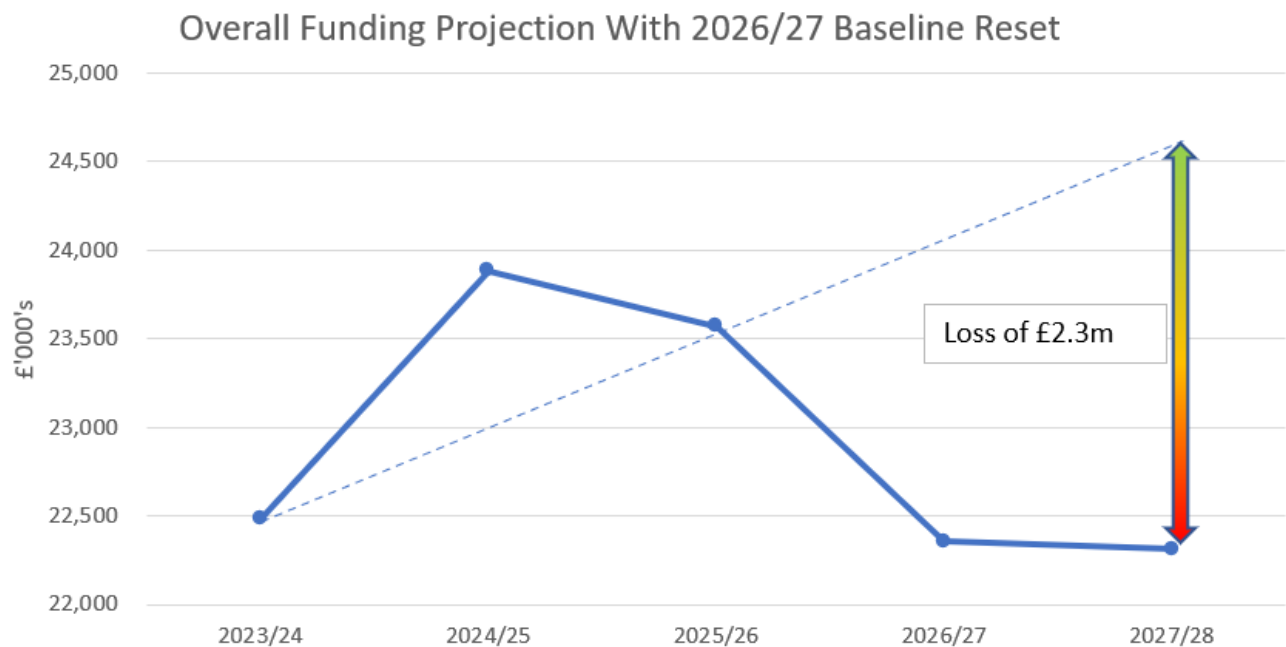
4a. Funding Assumptions over the Medium Term (Appendix 1)

- 4a.1 Ongoing annual funding support from Central Government is still uncertain. The 2023/24 settlement included a services grant (£155k) and a 3% funding guarantee grant (£699k). The Council also received New Homes Bonus (NHB; £16k) in 2023/24, 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. The forecast does however assume a second year of the 3% funding guarantee grant, as outlined through the 2023/24 – 2024/25 finance settlement policy statement.
- 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 2026/27 with the loss of c£2.3 million of accumulated growth, partially offset by an assumed redistribution of 40% in year 1 following the reset, down to 20% thereafter. 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 future Settlement Funding Assessments (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 The 2021 census outcome was not reflected in the SFA for 2023/24 and considering the 3% funding guarantee grant likely to be repeated for 2024/25, this pushes the impact back a further year, to 2025/26.
- 4a.5 Any form of continued funding from services grant and/or NHB built into the next funding settlement would be very welcome, although unlikely, and in any case, has the effect of reducing the 3% funding guarantee grant by an equivalent value.
- 4a.6 The Council's base budget for 2023/24 also includes Flexible Homelessness Support Grant and specific other homelessness prevention grants, totalling £1.042 million. For the time being, the base scenario assumes the grants will be static over the period, and in any case, at the point grants are reduced, fixed term resource positions would need to end. This of course would be subject to evidence-based decisions based on costs of preventative measures, as against cost of statutory duty of care reactionary responsibilities.
- 4a.7 In recent years, the Council has followed the central government directive that local tax should be used to support local services. As the cost of services increases, so must local taxation. The Council has no say on the setting of business Rates, but does have the statutory responsibility to set a level of Council Tax for the oncoming financial year. The current government parameter for an allowable increase, before a referendum is necessary, is for annual Band D equivalent Council tax to increase by the greater of 3% or £5 for 24/25, or the greater of 2% or £5 thereafter. This updated MTFP follows on from the previously established position, assuming that the Council make use of the allowable pre-referendum increases;

Table 1

	2024/25	2025/26	2026/27	2027/28
Annual Band D Level - £	199.79	204.79	209.79	214.79
Increase per Band D - %	2.99	2.50	2.44	2.38
Increase per Band D - £	5.80	5.00	5.00	5.00
Overall Value of increase - £	421,298	364,982	366,807	368,641

4a.8 The following graph demonstrates the base funding scenario:



NB. Dotted line depicts forecast settlement revenue IF business rate reset does not occur

4b. Budget Requirements over the Medium Term (Appendix 2)

4b.1 Pay & Price Increases

4b.1.1 Increases in costs are expected to total £4.650 million over the next 4 year period.

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

- Annual Pay Award of between 2.00% - 2.5% per annum
- An additional pay award allowance for 2023/24 to reflect the Employer offer made in February 2023 (£650,000)
- A Pay Award contingency (£800,000) to provide funding for any increased pay award offers above what has been considered as a base estimate for 24/25 – 27/28, and to contribute towards National Living Wage growth, potentially to £11.50.
- Incremental progression
- Insurance, Utilities, Fuel and Maintenance cost increases

- Vehicles and Plant cost increases

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

4b.2.1 Shown within appendix 1, the £1m increase to homelessness budget in 2023/24 is being forecast to reduce over the next 3 years (subject to close monitoring considering para 3.4.3). This and the restatement of a £20,000 maintenance budget that was temporarily removed at Keyhaven result in a favourable MTFP contribution £314,000 to 2024/25.

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 £790,000 towards the ultimate achievement of a balanced budget for 2024/25. Further assumptions are made in terms of additional contributions that will further support the 2024/25 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 2

Theme	Specific Item	2024/25 Assumption
Delivery Model Review	Electoral Review of the District	60,000
Fees and Charges	Garden Waste - NEW SERVICE	330,000
Strategy Investment	Treasury / Commercial Returns	250,000
Strategy Investment	Commercial Property	150,000
		790,000

4b.4 New Budget Requirements, Alignment of Budget to Priorities and Other Matters Arising

4b.4.1 The 2023/24 budget included a one-off £300,000 to provide resource towards improved community safety across the District. This one-off sum to 2023/24 is now being removed, with the equivalent sum supporting the delivery of the Council's Capital Programme.

4b.4.2 The Senior Leadership review has introduced 4 Assistant Director positions. The additional budget implication being included within the base budget for 2024/25 totals £80,000.

Waste Collection

4b.4.3 Discussions have been ongoing with the County Council and the Councils across Hampshire. The County Council are 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 and residual waste charges. The Council is pushing back on these proposals, and is currently engaging in negotiations with the County Council. A financial impact of £400,000 has been allowed for within

the MTFP for 2024/25 with further financial implications likely after the implementation of the new Materials Recycling Facility. 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 (EPR) 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. The implementation of the EPR scheme has been delayed, and as of yet, no confirmation has been received on new burdens or transitional funding as a result of the introduction of the new national waste strategy. The working assumption of the NFDC waste strategy was that new costs will be offset; this assumption will be maintained within this initial MTFP, although this position will potentially change if NFDC decide to make alternative arrangements to transition to the new service, ahead of receiving final confirmation of support from the government. 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 within the Waste Collection service has settled slightly, in part thanks to the introduction of a Market Forces Pay Supplement to certain posts. The Council's Medium Term Financial Plan needs to take account of sustained market forces in order to support the delivery of a consistent waste service. It is envisaged that the new service aligned to the new waste strategy will help, as the manual loading requirement reduces.

4b.4.6 The Council is required to refresh its Local Plan every 5 years. With the last plan being adopted in 2020, a review is required within the timeframe as set out by this MTFP. The timing and nature of the next iteration is as yet undecided, and so the likely costs are currently undetermined. It is however clear that the Council will need to set significant funding aside to cover this complex process, beyond the £340,000 set aside in a specific reserve during 2022/23.

4b.4.7 The Council must also be extremely mindful of the budget pressures faced by the Council County, as decisions by the County in order to address their budget deficit are very likely to have a direct effect on the District. The District Council must maintain a strong position in terms of statutory responsibilities however, consider the Council has its own budget deficit and corporate plan priorities to address.

4c. Bringing together the Funding Assumptions and Budget Requirements

4c.1 **The overall forecast deficit taking into the account the funding assumptions and necessary budget movements totals £425,000 for 2024/25, increasing to a cumulative £3.537 million by 2027/28.** For valuable context, the General Fund budget set for 2022/23 was £22.468 million, so the deficit represents a gap equivalent to 15.7%. It is vitally important that the Council continues to pro-actively address this funding deficit,

and create valuable headroom for resources to be directed towards the delivery of corporate plan priorities, which will undoubtedly include difficult decisions on service delivery, Council Tax and Fees and Charges yield over the period.

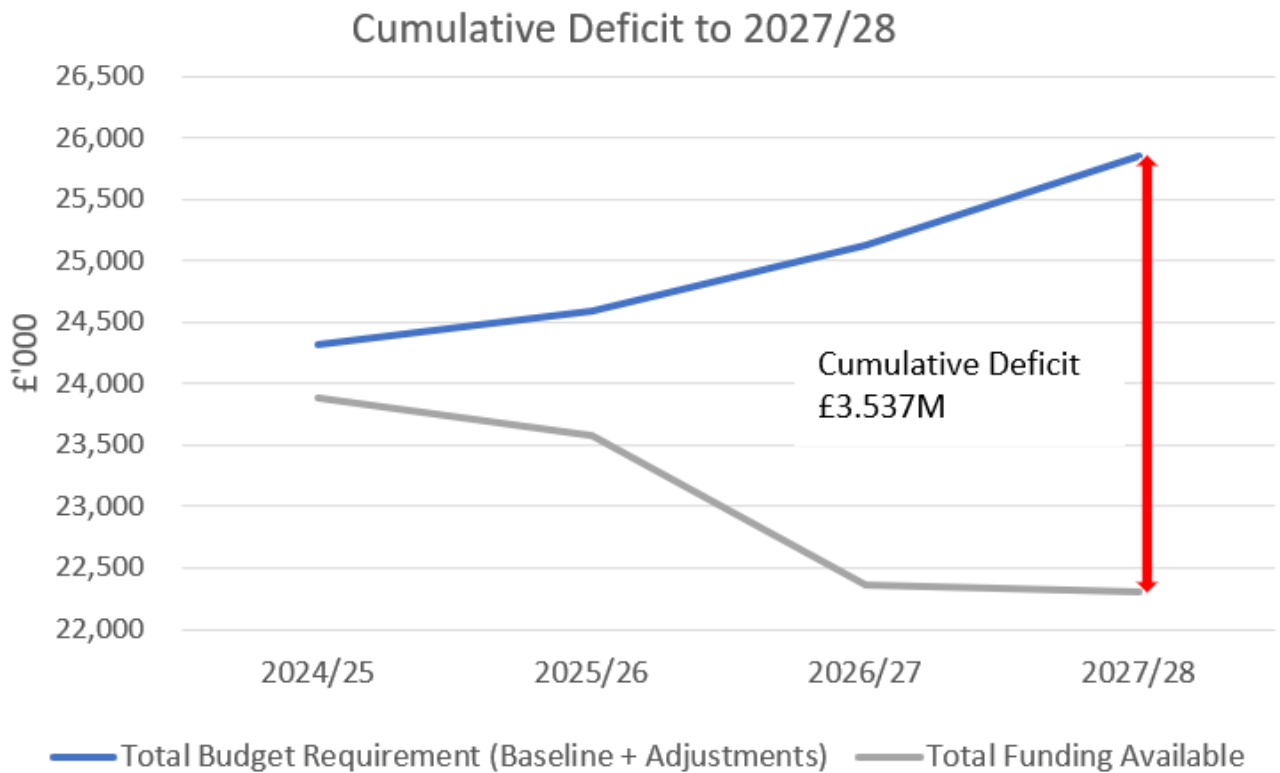


Table 3

	2024/25	2025/26	2026/27	2027/28
Estimated Cumulative Budget Deficit - £	425,000	1,023,000	2,771,000	3,537,000

4d. Financial Strategy and Options Identified to Address the Budget Deficit (Appendix 3)

4d.1 In order to address the forecast deficit to 2027/28, the Council’s financial strategy over the medium-term period extends to:

- The development and delivery of a structured approach to Council wide Transformation. delivering a more customer centred and cost-efficient Council, focussing on digital capability, consistency and a skilled and motivated workforce. This will include, for example;
 - Providing digital and cost-effective corporate back-office solutions to our customers, whilst maintaining customer choice in how services are accessed
 - Developing a programme of business and function reviews aligned to our strategic priorities and transformation design principles that will maximise outcomes, streamline processes and ensure the most appropriate, efficient and effective delivery model
 - Providing capacity across the organisation by streamlining and joining up activities to enable the adjustment of resources to meet corporate plan priorities
 - Identifying commercial opportunities to improve income

- 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
- Investment in a Cleaner Greener approach to financial planning and spending.

4d.2 **The options identified** to close the forecast deficit 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 £500,000 by the commencement of 2026/27.
- The Transformation Programme is required to make a fiscal contribution of £1.25M towards the MTFP deficit.
- A pro-active fees and charges yield programme, targeted at £1.85 million over the MTFP period.
- The continuation of Council Tax increases over the period has the potential to generate an additional annual income of £1.522 million by 2027/28.
- The Budget Equalisation Reserve balance of £2.429 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.

4d.3 **It will be a significant challenge to deliver the sum of options currently identified at £3.600 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. The budget equalisation bridging reserve is there if required over the Medium-Term period.

4e. Council Tax Premiums

4e.1 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.

4f. Fees and Charges Policy

4f.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 delivery and enhancements. The Council aspires to continually develop and improve front line service delivery and continues to offer more to the residents and visitors of the New Forest.

4f.2 This Fees and Charges policy position supports the updated MTFP in making an assumption that growth in Fees and Charges over the next 3 financial years to 2026/27 will amount to 20% (broadly equating to 6.3% per year if annualised).

1. All Portfolio Holders will be asked to review their discretionary fees and charges to ensure they remain competitive, to ensure they account for increased costs in running and delivering services, and to ensure that the fees provide income

growth to the Council over the 3 next financial years (2024/25, 2025/26 and 2026/27) equivalent to 20%.

2. All Portfolio Holders will be asked to review their fees and charges which are the subject of cost recovery regulations, to ensure that proposed charges meet the increased costs of running services and provide for full cost recovery.
- 4f.3 Fee decisions **for 2024** (an in-year decision that cannot wait until inclusion within the February 2024 budget paper), up to 20% will be taken as a Portfolio Holder Decision. Any proposals outside of this rate will be referred to the Council for a decision.
 - 4f.4 Fee decisions **for 2024/25** for implementation from 1 April 2024 will be included within the February 2024 Budget setting report, with a decision on charges being made by the Council.
 - 4f.5 Fee decisions **for 2024/25** for implementation after 1 April 2024 (an in-year decision), up to 20% 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.6 In support of the MTFP (including matters arising) and the desire to create short-term fiscal headroom for investment in service delivery and enhancements, it is in the best interest of the Council for some increases to be frontloaded. It is also especially relevant in the context of some services not having seen charges increase since 2018 that early action is taken, and that fees look to keep abreast of inflation, and local benchmarks.

4g. Budget Consultation

- 4g.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.
- 4g.2 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.
- 4g.3 The Council is required to run an annual budget consultation with business rate payers. A consultation will take place during November.

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 £3.075 million over the next 4-year period.

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

- Annual Pay Award of between 2.00% - 2.5% per annum
- An additional pay award allowance for 2023/24 to reflect the Employer offer made in February 2023 (£175,000)
- A Pay Award contingency to provide funding for any increased pay award offers above what has been considered as a base estimate for 24/25 – 27/28, and to contribute towards National Living Wage growth, potentially to £11.50.
- Incremental progression.
- Fuel and Energy Cost Increases
- An increase in materials and hired services in reflection of higher than usual inflation.

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 final costs are still uncertain, assuming an average £21,500 cost per property **the total bill could be upwards of £125 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, 285 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 In 2022/23 the Housing Service was allocated £5.5 million over 3 years to fund fire safety works on high-risk buildings. Approaching the end of year 2 of this programme indications are that a further £1m is required to complete known works. The original allocated amount was an estimated cost, and the additional financial requirement represents known actuals to date.

5a.4.2 To meet the medium-term Government target of all Council owned housing properties having an energy performance certificate rating of C by 2030, the projected cost is an additional £9.3m on top of existing capital programmes.

5a.4.3 A review is underway to understand increased expenditure on the turnaround of empty (void) council properties for re-letting. The outcome of this review may have medium term implications on existing budgets.

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

- 5b.1 Current guidelines to March 2025 allow for rent increases of CPI (September) + 1%. This was re-introduced in 2020/21, following 4 years of annual 1% rent reductions. However, the Government stepped in for 2023/24, capping increases at 7%, as opposed to sticking to the previous policy which would have seen allowable increases of 11.1% (based on 10.1% CPI + 1%). An increase of 6% is assumed for 2024/25, and 2% is assumed thereafter until further information is available about Government guidelines post 24/25.
- 5b.2 The level of proposed rent for the 2024/25 financial year will ultimately be a Council decision in February 2024, to take effect from 1st April 2024.
- 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.

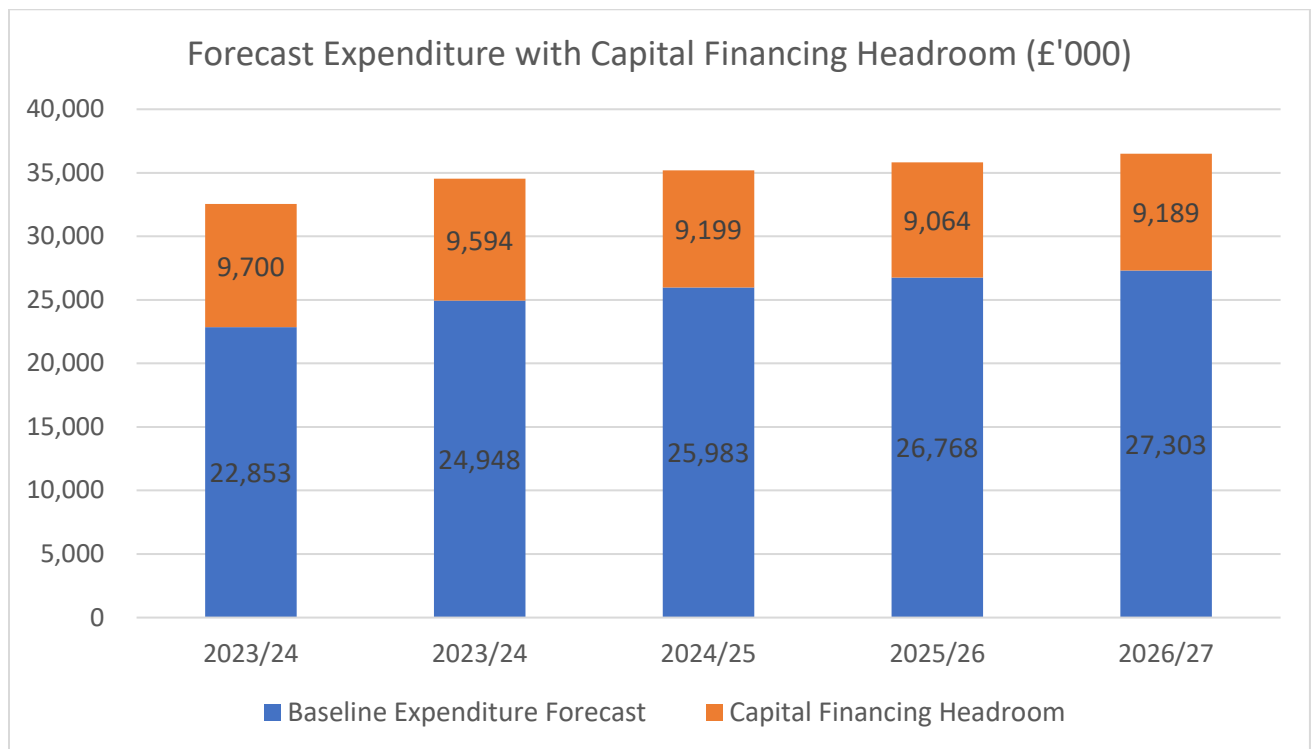
Table 4

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
	2023/24	2024/25	2024/25	2023/24	2024/25
1	£96.04	£101.80	£5.76	£169.32	60%
2	£112.78	£119.55	£6.77	£238.02	50%
3	£126.75	£134.36	£7.61	£303.30	44%
4	£137.35	£145.59	£8.24	£402.20	36%
5	£142.81	£151.38	£8.57	£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 the service charge regime to ensure all relevant costs are being recovered.

5c. Overall Summary and the 30 Year Business Plan

- 5c.1 The forecast budget adjustments as outlined above create a potential reduced Capital Financing Headroom within the HRA, equivalent to circa £511,000 a year by 2026/27. This will necessitate a review of the overall capital programme even before building in the impact of the greener housing programme requirements to 2050. This reduction is also in the context of a 2023/24 original budget that couldn't fully service the repayment of maturing loan principle (loan as a result of the HRA refinancing from 2012).



5c.2 The Council engaged with an external consultant during 2022 to assist with the preparation of its 30-year HRA business plan. The 30-year business plan was summarised as part of the budget setting for 2023/24. It continues to help shape the forecasts as we look forward over the longer-term.

5c.3 The Greener Housing Budget will need to take account of projected additional spend of over £9 million required to upgrade homes by 2030, and an additional £115m to decarbonise the stock ahead of 2050. Whilst there is scope to offset some of these additional costs with grant funding there has been no announcements of future Gov't funding schemes beyond 2025. Equally, there is no additional headroom in the HRA to accommodate these costs, or for additional borrowing repayments.

5c.4 There are clearly significant competing demands on HRA resources at this time, whether that be targeted maintenance standards, the projected required spend of over £9 million to meet the EPC C 2030 target, or the continued priority to deliver an additional 600 Council owned homes by 2026. In light of the significant external factors placed on the HRA, including an interest rate that has steeply risen from a 13 year average of less than 0.5% to a new level beyond 5%, internal discussions will be required to correctly align financial resources available and decisions taken through the Council's decision making process, working towards the achievement of a sound budget for 2024/25 in February 2024.

5d. Budget Consultation

5d.1 New legislation regarding social housing reform is not likely to significantly impact budgets for 2024/25. However, future years spending and budgeting for the HRA will likely need wider review, scrutiny and consultation with tenants as part of commitments in a future Tenant Engagement Strategy.

5d.2 The Housing and Communities Overview and Scrutiny Panel will consider the HRA Medium Term Financial Plan and the detailed 2024/25 HRA budget in January 2024.

5d.3 The Tenant Involvement Group will consider the HRA Medium Term Financial Plan in the Autumn and the detailed 2024/25 HRA budget in January 2024.

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	November	Resources O&S	Budget Task and Finish Group Feedback
			Transformation Strategy
2	December	Cabinet	Setting the Council Tax Base
			MTFP Update
			Transformation Strategy
3	January	Resources O&S	AMR and Capital Programme 2024/25
			Capital Strategy 2024/25
			Budget
		Housing O&S	Proposed HRA Budget 2024/25
3	Early February	Cabinet	AMR and Capital Programme
			Capital Strategy 2024/25
			Community Grants 2024/25
4	Mid-February	Cabinet	MTFP and setting of 2024/25 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 work of this officer will need to be heavily supported by resources within services across the Council. 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 current Capital Programme.

9. Portfolio Holder Comments

Finance and Corporate

- 9.1 The Council remains in a relatively strong financial position however the Medium Term Financial Plan demonstrates that, like all public authorities, the Council faces challenges going forward with rising inflation and the potential for a reduction in central government funding.
- 9.2 New Forest District Councils proactive approach ensures that the Council remains in robust finance and can continue to support frontline services for its residents.

Housing and Homelessness

- 9.3 I welcome the report's detailed and clearly explained analysis of the HRA budget and challenges over the next few years.

For further information contact:

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Background Papers:

MEDIUM TERM FINANCIAL PLAN 2023 - 2027

SUMMARY OF RESOURCES

	2023/24	2024/25	2025/26	2026/27	2027/28
Original					
Budget	Forecast	Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Total Government Determined Resources	8,591	8,973	8,219	6,566	6,074
Total Council Tax (Tax Base growth only)	14,020	14,511	14,949	15,391	15,837
Total Collection Funds	-128	400	400	400	400
TOTAL FUNDING	22,483	23,884	23,568	22,357	22,311
Cumulative Change from Original 2023/24		1,401	1,085	-126	-172
%age change		6.2%	4.8%	-0.6%	-0.8%

MEDIUM TERM FINANCIAL PLAN 2023 - 2027

SUMMARY OF BUDGET REQUIREMENT

	2024/25	2025/26	2026/27	2027/28
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2023/24	22,483	22,483	22,483	22,483
Budget Adjustments 2024/25 - 2027/28				
Pay & Price Increases	2,450	760	720	720
Budget adjustments relating to one-off items	-314	-333	-333	0
Ongoing Savings and Income Generation	-790	0	0	0
New Budget Requirements and Alignment of Budget to Priorities	480	-145	150	0
Cumulative effect of Known Budget Adjustments	1,826	2,108	2,645	3,365
Total Budget Requirement (Baseline + Adjustments)	24,309	24,591	25,128	25,848
Total Funding Available (as Appendix 1)	23,884	23,568	22,357	22,311
Estimated Cumulative Surplus / Shortfall (-)	-425	-1,023	-2,771	-3,537

MEDIUM TERM FINANCIAL PLAN 2023 - 2027

OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

Cumulative Property Investment Income
 Cumulative Targeted Transformation Programme
 Cumulative Targeted Fees and Charges Growth

MTFP 26/27 Potential Impacts....

Impact OR Mitigation: Business Rate Changes
 Impact OR Mitigation: Fair Funding Review
 Mitigation: EPR Income from HMT
 Mitigation: Tax Raising Flexibilities
 Mitigation: Reduce RCCO

Total of the Options Identified

Use of Equalisation Reserves (-) / Headroom +

2024/25	2025/26	2026/27	2027/28
Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's
0	250	500	500
0	583	916	1,250
1,000	1,500	1,750	1,850
+ / - ?	+ / - ?	+ / - ?	+ / - ?
+ / - ?	+ / - ?	+ / - ?	+ / - ?
- ?	- ?	- ?	- ?
	- ?	- ?	- ?
- ?	- ?	- ?	- ?
1,000	2,333	3,166	3,600
575	1,310	395	63

Reserves Supporting the MTFP

General Fund Balance	3,000	3,000	3,000	3,000	3,000
Budget Equilisation Reserve	2,699	2,429	2,429	2,429	2,429

HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN 2024 - 2028

SUMMARY OF BUDGET REQUIREMENT 2024/25 - 2027/28

	2024/25	2025/26	2026/27	2027/28
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Pay & Price Increases				
Pay Award (assumed 2%-2.5%)	175	170	170	170
Pay Award (2023/24)	230			
Pay Award Contingency	300			
Increments	70	65	65	65
Prices (third party contracts, utilities etc)	820	300	300	300
Total Pay & Price Increases	1,595	535	535	535
Other Budget adjustments				
Internal/External Financing Costs of Capital Programme	500	500	250	0
Total Other Budget adjustments	500	500	250	0
Cumulative Impact of Expenditure Increases and Adjustments	2,095	3,130	3,915	4,450
Ongoing Savings and Income Generation				
Rent Increases @ CPI +1% 24/25 & CPI 25-28	-1,814	-640	-650	-660
Service Charge Review	-175			
Total Ongoing Savings and Income Generation	-1,989	-640	-650	-660
Cumulative effect of Savings and Income Generation	-1,989	-2,629	-3,279	-3,939
Additional(-)/Reduced Resources to support Capital Programme	106	501	636	511