

## Cabinet – 4 December 2024

### Medium Term Financial Plan - Update

Purpose	For Decision
Classification	Public
Executive Summary	<p>This report</p> <ul style="list-style-type: none"><li>• Presents the latest medium-term financial plan (MTFP) of the council.</li><li>• Considers the ongoing development of the MTFP for the General Fund and Housing Revenue Account (HRA) including the factors that will influence its delivery and that of the annual budget strategy 2025/26.</li><li>• Develops the financial strategy to support the delivery of a legally balanced budget for 2025/26.</li><li>• Details the ongoing budget planning process and timeline for key financial reports.</li></ul>
Recommendation(s)	<p><b>Cabinet is asked to:</b></p> <ol style="list-style-type: none"><li><b>1. note the revised MTFP forecasts, as outlined within the report and appendices 1 – 4.</b></li><li><b>2. endorse development of the options identified to close the budget gap for 2025/26 and through to 2028/29.</b></li><li><b>3. endorse the approach taken to set the Asset Maintenance and Capital Programme Budgets for 2025/26.</b></li><li><b>4. approve the continuation for 3 years of the annual £195,306 financial support provided to Citizens Advice New Forest (CANF), commencing 1 April 2025.</b></li><li><b>5. approve the latest forecast position with regards to the Waste transition and roll-out costs, noting that an increase in transition costs is offset</b></li></ol>

	<b>through a forecast reduction in 2025/26 roll-out costs.</b>
Reasons for recommendation(s)	<p>To comply with accounting codes of practice and best practice which requires councils to have a rolling multi-year MTFP.</p> <p>To provide Cabinet with the latest high-level overview of the MTFP.</p> <p>To consider the ongoing development of the MTFP and consider the factors that will influence its delivery and that of the annual budget strategy to support the delivery of a balanced budget for 2025/26.</p>
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron - Finance & Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources & Transformation (Section 151 Officer)
Officer Contact	<p>Paul Whittles  Assistant Director - Finance  02380 285766  paul.whittles@nfdc.gov.uk</p>

## **Introduction and background**

1. The Council has a legal requirement to set an annual fully funded balanced budget and must plan its finances over the medium-term period.
2. The Council's financial strategy seeks to achieve a balanced budget through the crystallisation of efficiencies driven through Council Transformation, 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 seeks to align the financial plan to ensure delivery of key priorities as outlined in the Corporate Plan.

3. Actions need to continue 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. The October MTFP Scene Setting report is now updated for changes (including Council decisions) and reviews undertaken since.

### **Economic Commentary**

4. The new Chancellor delivered the 2024 Autumn Statement on 30 October 2024. In summary the key elements of most relevance to the Council are:
  - a. Local Government Core Spending Power to increase by 3.2% in real terms in 2025/26.
  - b. Employer's National Insurance contributions increased by 1.2% to 15% and the threshold to commence paying was reduced from £9,100 to £5,000. Local Government is set to receive additional funding to compensate for the increase in 2025/26.
  - c. Changes to some Business Rate reliefs and the multiplier, and revaluations are expected in 2026.
  - d. Council tax increases of 5% expected to continue.
  - e. £1.3bn increase in Local Government grants.
  - f. HMT guaranteeing £1.1bn in Extended Producer Responsibility funding for 2025/26 (then likely to be whatever the scheme generates).
  - g. Additional £230m grant for homelessness support and prevention.
  - h. Additional £86m for Disabled Facility Grants (DFGs).
  - i. National Living Wage (NLW) will increase by 6.7% to £12.21 per hour.
  - j. Minimum wage for 18-20 year-olds will increase by 16% to £10 per hour.
  - k. HRA rent increases of CPI+1% for the next 5 years.
  - l. The discounted rate for HRA borrowing has been extended by 9 months to 31 March 2026.

5. The Council will not know the specific implications to NFDC in terms of the Finance Settlement funding support until the release of the Provisional Finance Settlement, which will be mid-December.
6. The Bank of England's base rate continues to fall and is currently 4.75% following the 0.25% reduction in November. Changes to the base rate can negatively impact the Council's interest earnings from investments and conversely can reduce the cost of borrowing required to support our Capital Programme.
7. CPI (Consumer Price Index) inflation is below the Bank of England's ongoing 2% target. As at September 2024 inflation was 1.7% compared to 6.7% a year earlier.
8. The National Employers Pay Award offer for 2024/25 was finalised in October 2024 with the increase in pay costs being covered within the 2024/25 approved budget (both for GF and HRA). Further detailed work is ongoing to inform the assumptions for 2025/26.
9. The General Fund Medium Term Financial Plan has been populated using the most up to date information currently available covering the period to 2028/29. The effect of the Fair Funding Review and final design of the Business Rate Retention Scheme as outlined in paragraph 2, 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.
10. The Housing Revenue Account section of the report sets out the specific and unique challenges faced by this ring-fenced account.
11. 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.
12. The report hereafter is split into 2 distinct sections before concluding as a single item. The first considers the General Fund (paragraphs 13 to 55), and paragraphs 56 to 59 considers a few specific elements regarding the Housing Revenue Account.

## **The General Fund**

### **Update Medium Term Financial Plan (Appendix 1)**

13. The October Medium Term Financial Plan - Scene Setting report outlined a forecast deficit to 2028/29 of £2.443 million. This assumed an annual increase in Council Tax, aligned to the flexibilities allowed by central government policy, which contributes

cumulative income growth of £1.466 million to 2028/29 (otherwise the forecast deficit would have been approaching £4 million).

14. Significant quantifiable (and net unfavourable) changes since the October reported position are as follows:

### **Provisional Finance Settlement**

15. Due to the budget announcement and confidence regarding future core spending power the previously assumed £200,000 reduction in the finance settlement has been removed for 2025/26.

### **Fees and Charges**

16. The Council took a decision to introduce new car parking and Keyhaven charges to take effect from 1 January 2025. The impact to the MTFP as a result of this decision is to support the delivery of the 2025/26 MTFP by a net additional £250,000 and £25,000 per annum respectively.

### **Homelessness support**

17. The previous assumption was an even tapered removal of the previous £1 million increase in budget over 3 years. Following the first year's reduction, ongoing demand in this area results in a need to sustain the remaining £667,000 budget, at least for the short-medium term.

### **Income decline**

18. A rebasing of budgets regarding Building Control and Planning services due to an underlying reduction in income creates a £75,000 pressure relating to Building Control income and a £170,000 pressure relating to Planning income in 2025/26.

### **Vacancies**

19. Crystallising the current long term vacancy positions totalling £75,000 within Revenue and Benefits, and £100,000 within Place services as referenced in the council's quarterly Financial Monitoring Reports has helped mitigate service pressures.

### **Council Tax Premium**

20. A review of the underlying data following feedback from the sector has rebased the anticipated additional council tax income to this authority from second homes to £200,000 (down from £293,000).

## Leisure contract income

21. Contractual income relating to leisure contracts is forecast to increase by an additional £460,000 over the MTFP period.

## Waste

22. The MTFP allows for 3 elements of the Waste Strategy roll out;

### Transition

- a. The original transition budget for 2024/25 is £286,000. The MTFP previously assumed an increase of £329,000 to £615,000 for 2025/26, before a reduction of £555,000 in 2026/27 to £60,000, followed by a final reduction of the remaining £60,000 for 2027/28. The estimated cost of transition was forecast to total £961,000 between financial years 2024/25 – 2026/27.
- b. Latest assumptions have increased the forecast requirement by £277,000. They now include confirmed costs of temporary bin storage (+£122,000) whilst roll-out takes place and an ongoing need for programme delivery support (+£144,000) through to the early parts of 2025/26. Table 1 summarises these adjustments, as well as some further minor timing changes to previously agreed sums;

### c. **Table 1 – Updated Waste Strategy budgets**

	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £
Previous Cost Assumptions	286,000	615,000	60,000
Adjustments post October			
- Storage	+12,000	+110,000	0
- Waste Advisors	-48,000	-27,000	+70,000
- Communications	-13,000	+23,000	-10,000
- Project oversight/other	+16,000	0	0
- Programme Support	+72,000	+72,000	0
<b>TOTAL ADJUSTMENTS</b>	<b>+39,000</b>	<b>+178,000</b>	<b>+60,000</b>
December MTFP Position	<b>325,000</b>	<b>793,000</b>	<b>120,000</b>

### Roll Out

- d. In readiness for the legal requirement to separately collect food waste by 1 April 2026, the October MTFP presented a forecast cost of roll-out totalling £1.4 million to 2025/26. This has subsequently been re-evaluated in accordance with the revised programme timeline, agreed by the Cabinet and Council in October.
- e. The total anticipated annual costs for the new service remain unchanged at £2.006 million. However, the timing of the revised costs improves the 2025/26 position by £300,000 (to +£1.1 million) compensating the increasing transition costs shown at paragraph 22b.

### New Service Cost

- f. Previous assumptions made in terms of the anticipated cost of the new food waste collection service being funded through new burdens funding are still seen through in this updated report. This does however remain a risk to the council as no clarity has yet been provided on the calculation methodology that the government will use to determine the new burdens funding.
  - g. The Council's MTFP also makes an assumption of Extended Producer Responsibility funding to be received, assumed as likely to be part of the package within the new burdens' formulae. There is similarly a number of unknown quantities with this initiative, with the County still not yet committed on a waste disposal / recycling facility, as a result of delays in government finalising the legal and statutory requirements of 'simpler recycling'.
23. Further detailed analysis remains ongoing to validate the new assumptions of this complex project, with all financial assumptions requiring further work before being finalised ahead of setting the 2025/26 budget and updated MTFP in February.

### **Transformation**

24. Further to the approval of the Transformation business case by Cabinet and Council in August 2024, the MTFP requires updating to reflect the financial implications. The business case referred to on-going new costs, to be ultimately offset through the gross savings expected to materialise. The timing of the introduction of the new on-going costs in comparison to the delivery of savings needs further consideration as we lead up to setting the 2025/26 budget in February.

25. The project to improve the utilisation of ATC and improve the East Wing for NFDC staff, to facilitate the letting of the South Wing is progressing, with updates on this project being reportable to the Resources & Transformation Overview and Scrutiny Panel on a regular basis.

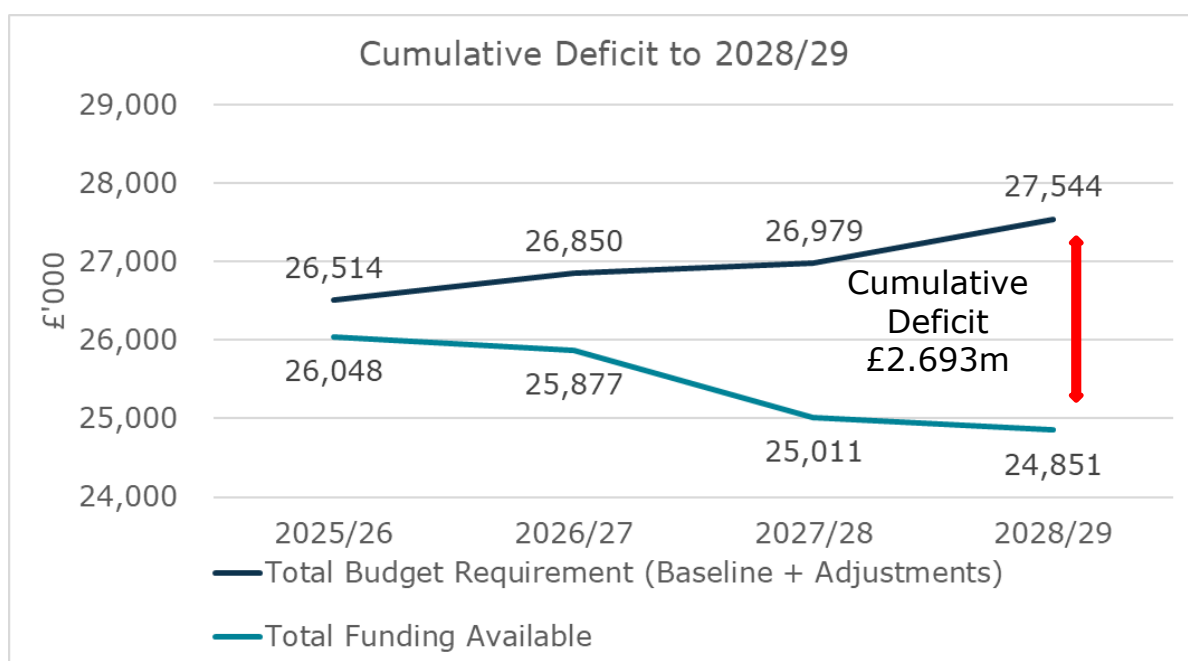
### Revised MTFP Position

26. The resultant latest summary financial position showing the cumulative forecast deficit to 2028/29 is demonstrated in Table 2.

27. **Table 2 – Updated Forecast Deficit to 2028/29**

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
October MTFP cumulative budget deficit	628,000	112,000	1,488,000	2,443,000
Net adjustments post October	-162,000	861,000	480,000	250,000
December MTFP update cumulative budget deficit	466,000	973,000	1,968,000	2,693,000

28. **Figure 1 – Cumulative Deficit to 2028/29**



29. Should the strategies regarding increased fees and charges, and net savings from the council transformation programme fail to bridge the remaining £466k budgetary shortfall in 2025/26, then the



council may be required to make use of the budget equalisation reserve.

30. The budget equalisation reserve value is currently £2.699m and should only be used in exceptional circumstances to support the delivery of a balanced budget.
31. Funding or part funding the one-off and unique additional costs regarding the transition to the new waste service totalling £1.1 million in 2025/26, currently contributing to the £466k budget gap, would be considered appropriate.

## **Other Financial Matters to Note**

### **Citizens Advice New Forest (CANF)**

32. The CANF board requested the Council consider and approve a 3-year funding agreement to secure longer term funding certainty, enabling CANF to budget and plan with greater certainty.
33. Following a report presented to the 19 September Resources and Transformation Overview and Scrutiny Panel, members of the panel were generally supportive of the continuation of a multi-year SLA to CANF. Taking on board the comments received at the panel, alongside consideration of the council's own Medium Term Financial Position, officers in consultation with the portfolio holder consider the best outcome is to offer CANF a further 3-year SLA to covers financial years 2025/26 - 2027/28, fixed at the 2024/25 value.
34. Consequently, £195,306 remains in the Council's MTFP to support the CANF annually until 31 March 2028.

### **Fees and Charges**

35. Further to the October MTFP Scene setting report, work has commenced within services to analyse benchmarking data and review their NFDC fees and charges. Further work will be ongoing as we approach the budget setting in February.

### **Asset Maintenance and Replacement Programme (AMR)**

36. The General Fund budget for 2024/25 includes a budget for asset maintenance and cyclical asset replacement totalling £2.5 million.
37. Table 3 shows the budgets approved for 2024/25 and demonstrates the indicative budgets for 2025/26, with the general £340,000 AMR budget to be allocated according to the priority order of bids submitted, as outlined further in paragraph 39 below;

38. **Table 3 – Asset Maintenance and Replacement Budget Allowance and Indicative Budget for 2025/26**

	<b>2024/25 £'000 Approved February 2024</b>
Health and Leisure Centres (Landlord maintenance)	750
ICT Replacement programme	150
AMR budget for 2024/25	340
Cyclical replacement of vehicles and plant	1,650
Proportion chargeable to the HRA	(390)
<b>TOTAL</b>	<b>2,500</b>

39. Services were invited to submit their project requirements during the month of October with the bids collectively scheduled to be reviewed by the Capital and Change Board (CCB) in the first instance in November.
40. Successful bids passed by CCB shall be presented to the Resources and Transformation Overview and Scrutiny Panel at its January meeting.
41. At this stage, via this report, the Cabinet is asked to endorse the approach being taken to set the Asset Maintenance and Replacement Programme Budget for 2025/26.

**Capital**

42. Services were similarly invited to submit their capital project requirements during the month of October with the bids collectively scheduled to be reviewed by the Capital and Change Board (CCB) in the first instance in November.
43. Successful bids passed by CCB shall be presented to the Resources and Transformation Overview and Scrutiny Panel at its January meeting.
44. The proposed capital programme to 2028/29 and its associated financing will be fully explored in the updated Capital Strategy for

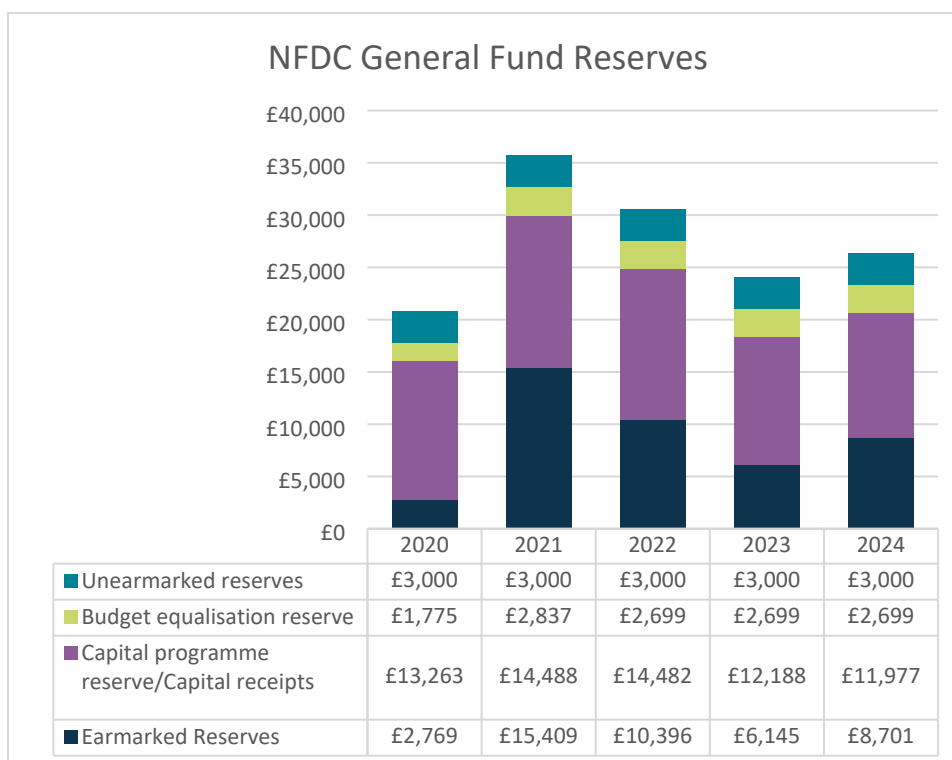
2025/26. Where appropriate the Council will use the flexibilities afforded to itself on the use of capital receipts to provide funding for transformation items.

45. At this stage, via this report, the Cabinet is asked to endorse the approach being taken to set the Capital Programme.

## **Reserves**

46. The Council must ensure it retains unearmarked reserves at an appropriate level to provide adequate resources for any unforeseen pressures or to allow sufficient time for more considered mitigations to be put in place.
47. A minimum of 5% of net revenue expenditure is advised by the Chartered Institute of Public Finance and Accountancy (CIPFA). NFDC has £3 million representing c12% of net revenue expenditure.
48. In addition to unearmarked reserves the Council has a series of earmarked reserved set aside for specific spending purposes totalling £23.377 million as at 31 March 2024, including a:
  - a. £2.699 million budget equalisation reserve to manage short term budget gaps
  - b. £11.977 million reserve to support the Capital Programme
  - c. £1.500 million corporate priority reserve earmarked to support the transformation programme

49. **Table 4 – NFDC General Fund Reserves**



50. It is important to remember that reserves can only be used once and therefore do not represent a long-term solution to ongoing budget pressures and deficits.

**Other**

51. The Hampshire and Isle of Wight s151 group have concluded their consultation on the potential to pool business rates across Hampshire for 2025/26. In doing so the optimum membership of the pool was determined with NFDC falling just outside of it. Consequently, there are no further actions or decisions to be made and therefore no adjustments to the MTFP.

**Budget Consultation**

52. The Resources and Transformation Overview and Scrutiny Panel received feedback from the Financial Strategy Task and Finish group when the panel met 21 November 2024.

53. Based on this feedback Portfolio holders have been asked to consider specific aspects of their budget a refine them accordingly. This work is ongoing.

54. Additionally, 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 at its January meeting.

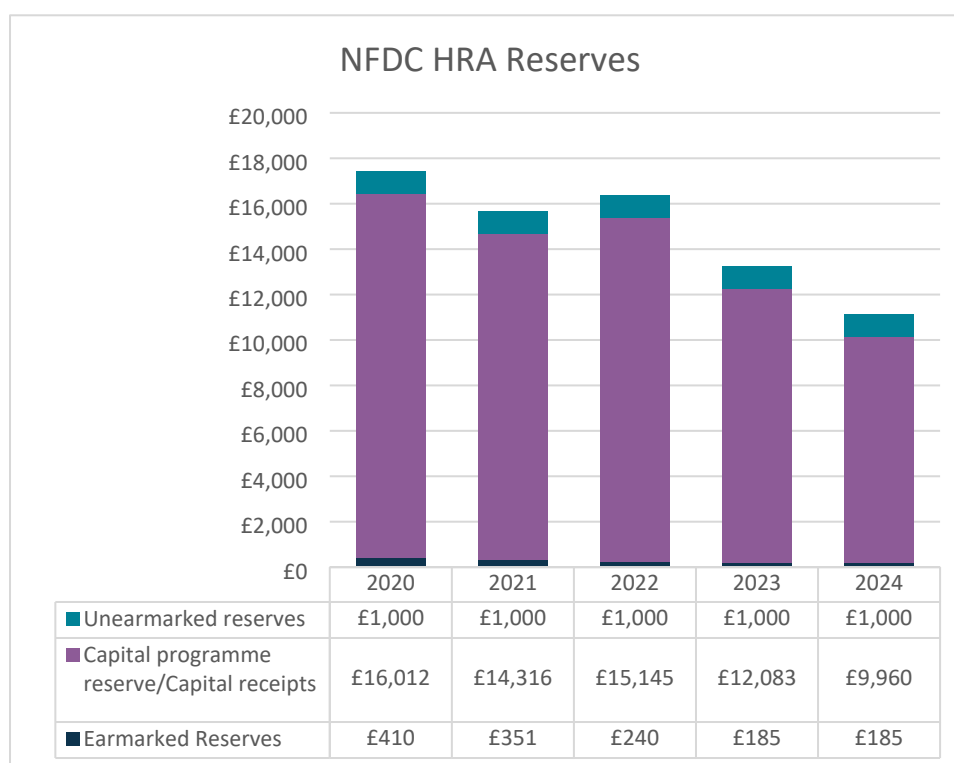
55. The Council is required to run an annual budget consultation with business rate payers. A consultation is planned conclude by the end of 2024.

## The Housing Revenue Account (HRA)

### Update Medium Term Financial Plan (Appendix 4)

56. The October Medium Term Financial Plan - Scene Setting report outlined a reduction in resources to support the HRA Capital Programme of £0.485 million over the period to 2028/29.
57. Significant changes since the October reported position are as follows:
- a. The changes to National Insurance will also impact on the HRA. Local Government is set to receive additional funding to compensate for the increase in 2025/26 but it is presently unclear how this will be provided to the HRA.
58. The HRA has reserves of £11.145 million including:
- a. £1.000 million unearmarked reserves
  - b. £9.960 million for housing acquisitions and development.

### 59. Table 5 – NFDC HRA Reserves



## Reporting Timeline

60. 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. An updated timeline is set out in Table 6, paragraph 60, which supports the development of the MTFP, through to the final setting of the 2025/26 budget.

### 61. Table 6 – Reporting Timeline

<b>Item</b>	<b>Date</b>	<b>Meeting</b>	<b>Report</b>
1	21 November 2024	<i>Resources and Transformation Overview and Scrutiny</i>	<ul style="list-style-type: none"> <li>• <i>Financial Strategy Task and Finish Group feedback</i></li> </ul>
2	26 November	<i>Housing portfolio holder briefing</i>	<ul style="list-style-type: none"> <li>• <i>Budget update</i></li> </ul>
3	4 December 2024	<i>Cabinet</i>	<ul style="list-style-type: none"> <li>• <i>Medium Term Financial Plan (MTFP) Update</i></li> </ul>
4	16 January 2025	Tenant Involvement Group (TIG)	<ul style="list-style-type: none"> <li>• Budget update</li> </ul>
5	22 January 2025	Housing and Communities Overview and Scrutiny	<ul style="list-style-type: none"> <li>• Proposed Housing Revenue Account (HRA) Budget 2025/26</li> </ul>
6	23 January 2025	Resources and Transformation Overview and Scrutiny	<ul style="list-style-type: none"> <li>• Asset Maintenance and Replacement Programme (AMR) and Capital Programme 2025/26</li> <li>• Capital Strategy 2025/26</li> <li>• Budget update</li> </ul>
7	24 January 2025	Audit Committee	<ul style="list-style-type: none"> <li>• Investment Strategy</li> <li>• Treasury Management Strategy</li> </ul>
8	5 February 2025	Cabinet	<ul style="list-style-type: none"> <li>• Capital Strategy 2025/26</li> <li>• Community Grants 2025/26</li> <li>• AMR and General Fund Capital Programme 2025/26</li> </ul>
9	24 February 2025	Cabinet	<ul style="list-style-type: none"> <li>• MTFP and Budget 2025/26</li> <li>• HRA Budget and the housing sector capital expenditure budget</li> </ul>

## **Corporate plan priorities**

62. The Council's Medium Term Financial Plan sets out to align the financial resources available to meet and deliver on Corporate Plan Priorities. More will be done on this as the budget preparation process evolves, heading towards the February 2025 adoption date.

## **Options appraisal**

63. The Council's Medium Term Financial Plan sets out to provide options in the ultimate achievement of a balanced budget. As noted, some options will be more or less palatable than others as the process evolves, but key to a sound MTFP is that decisions are taken in the context of the medium-long term, not the short-term.

## **Consultation undertaken**

64. Internal consultation between finance officers, service managers and budget holders has informed the latest assumptions included in the report and will continue throughout this process.
65. Additional consultation with partners, external stakeholders, the Financial Strategy Task and Finish Group and portfolio holders will continue during the lead up to the February 2025 decision.

## **Financial and resource implications**

66. This is a financial report; therefore, all financial and resource implications are contained within the body of the report.

## **Legal implications**

67. The council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds on their behalf and an equal duty to consider the interests of the community which benefit from the services it provides.
68. It is the responsibility of councillors to ensure the council sets a balanced budget for the forthcoming year. In setting, such a budget councillors and officers of the council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both current and future taxpayers in discharging these responsibilities. In essence, this is a direct reference to ensure that Council sets a financially sustainable budget which is mindful of the long-term consequences of any short-term decisions.
69. As a billing authority, failure to set a legal budget by 11 March each year may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999. It should however be noted that the deadline is, in reality, the 1 March each year to allow

sufficient time for the council tax direct debit process to be adhered to.

### **Risk assessment**

70. None at this stage.

### **Environmental / Climate and nature implications**

71. None at this stage, although it is worthy to note that the Council's Medium-Term Financial Planning will need to seek to support the delivery of the Council's Climate and Nature Action Plan.

### **Equalities implications**

72. None at this stage.

### **Crime and disorder implications**

73. There are no direct implications regarding crime and disorder as a result of this report.

### **Data protection / Information governance / ICT implications**

74. There are no direct implications regarding data protection, information governance or ICT as a result of this report.

### **Appendices**

Appendix 1 – Medium Term Financial Plan 2025-2029 - Summary of Resources

Appendix 2 – Medium Term Financial Plan 2025-2029 - Summary of Budget Requirement

Appendix 3 – Medium Term Financial Plan 2025-2029 – Options Identified to Close Budget Shortfall

Appendix 4 – Housing Revenue Account Medium Term Financial Plan 2025-2029 - Summary of Budget Requirement 2025/26-2028/29

### **Background Papers:**

Cabinet 21 February 2024 – Budget Reports 2024/25

Housing Revenue Account Budget and the Housing Public Sector Capital Expenditure Programme 2024/25

Medium Term Financial Plan and Annual Budget 2024/25

[Medium Term Financial Plan – Scene Setting](#)



## MEDIUM TERM FINANCIAL PLAN 2025 - 2029

## SUMMARY OF RESOURCES

	2024/25	2025/26	2026/27	2027/28	2028/29
	Original				
	Budget	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's	£'000's
Total Government Determined Resources	9,898	10,753	10,141	8,831	8,223
Total Council Tax (Tax Base growth only)	14,459	15,095	15,536	15,980	16,428
Total Collection Funds	179	200	200	200	200
<b>TOTAL FUNDING</b>	<b>24,536</b>	<b>26,048</b>	<b>25,877</b>	<b>25,011</b>	<b>24,851</b>
Cumulative Change from Original 2024/25		1,512	1,341	475	315
%age change		6.2%	5.5%	1.9%	1.3%

## MEDIUM TERM FINANCIAL PLAN 2025 - 2029

## SUMMARY OF BUDGET REQUIREMENT

	2025/26	2026/27	2027/28	2028/29
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2024/25	24,536	24,536	24,536	24,536
Budget Adjustments 2025/26 - 2028/29				
Pay & Price Increases	1,560	720	720	720
Budget adjustments relating to one-off items	-357	0	-70	-100
Waste Service Changes	957	-1,073	-120	0
Ongoing Savings and Income Generation	-550	90	-20	-80
New Budget Requirements and Alignment of Budget to Priorities	368	599	-381	25
Cumulative effect of Known Budget Adjustments	1,978	2,314	2,443	3,008
Total Budget Requirement (Baseline + Adjustments)	26,514	26,850	26,979	27,544
Total Funding Available (as Appendix 1)	26,048	25,877	25,011	24,851
Estimated Cumulative Surplus / Shortfall (-)	-466	-973	-1,968	-2,693

## MEDIUM TERM FINANCIAL PLAN 2025 - 2029

## 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 +

2025/26	2026/27	2027/28	2028/29
Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's
100	350	350	350
328	786	1,329	1,656
225	475	625	775
+ / - ?	+ / - ?	+ / - ?	+ / - ?
+ / - ?	+ / - ?	+ / - ?	+ / - ?
- ?	- ?	- ?	- ?
- ?	- ?	- ?	- ?
<b>653</b>	<b>1,611</b>	<b>2,304</b>	<b>2,781</b>
<b>187</b>	<b>638</b>	<b>336</b>	<b>88</b>

## Reserves Supporting the MTFP

General Fund Balance

Budget Equalisation Reserve

3,000	3,000	3,000	3,000	3,000
2,699	2,699	2,699	2,699	2,699

## HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL PLAN 2025 - 2029

## SUMMARY OF BUDGET REQUIREMENT 2025/26 - 2028/29

	2025/26	2026/27	2027/28	2028/29
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
<b>Pay &amp; Price Increases</b>				
Pay Award (assumed 2%-2.5%)	160	150	150	150
Increments	65	65	65	65
Prices (third party contracts, utilities etc)	450	450	450	450
<b>Total Pay &amp; Price Increases</b>	675	665	665	665
<b>Other Budget adjustments</b>				
Internal/External Financing Costs of Capital Programme	660	520	0	0
<b>Total Other Budget adjustments</b>	660	520	0	0
<b>Cumulative Impact of Expenditure Increases and Adjustments</b>	1,335	2,520	3,185	3,850
<b>Ongoing Savings and Income Generation</b>				
Rent Increases @ CPI +1%	-1,000	-1,030	-1,060	-1,100
Adjustment for 53 week rent year in 23/24	585			
Interest Receivable	160	80		
<b>Total Ongoing Savings and Income Generation</b>	-255	-950	-1,060	-1,100
<b>Cumulative effect of Savings and Income Generation</b>	-255	-1,205	-2,265	-3,365
<b>Additional(-)/Reduced Resources to support Capital Programme</b>	<b>1,080</b>	<b>1,315</b>	<b>920</b>	<b>485</b>