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|------------------------|-----|----------------------|-----|
| Key Decision Required: | Yes | In the Forward Plan: | Yes |
|------------------------|-----|----------------------|-----|

## CABINET

28 JANUARY 2022

### REPORT OF THE CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

#### A.3 LATEST FINANCIAL FORECAST / GENERAL FUND BUDGET PROPOSALS 2022/23 (Report prepared by Richard Barrett)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To seek Cabinet's approval of:

- The latest financial forecast / budget proposals and council tax amount for 2022/23 for recommending to Full Council.
- Associated delegations to the Portfolio Holder for Corporate Finance and Governance to:
  - i) agree the detailed budget proposals and formal draft resolutions / 'technical' appendices required for Full Council on 15 February 2022; and
  - ii) agree / adopt an associated mandatory business rate relief scheme for 2022/23.

##### EXECUTIVE SUMMARY

- At the meeting on the 17 December 2021, Cabinet considered the Updated Financial Forecast / Budget 2022/23. The forecast at that time provided for a deficit of **£1.488m** that was to be met by drawing down money from the Forecast Risk Fund.
- The Updated Financial Forecast was subject to consultation with the Resources and Services Overview and Scrutiny Committee, which met on the 12 January 2022, and their comments are considered elsewhere on the agenda.
- Since the Cabinet's meeting on 17 December 2021, additional changes have been required, primarily as a result of new or revised information becoming available which includes the Government's Financial Settlement announcements.
- The changes required result in a reduced deficit for 2022/23 of **£0.431m**, a change of **£1.057m** compared to the **£1.488m** deficit presented to Cabinet in December. **Appendix A**, along with comments set out later on in this report, provide further details across the various lines of the forecast, with the most significant change being the receipt of the revenue support grant and other associated funding from the Government.
- The most up to date savings schedule and cost pressure summary are set out in **Appendices B and C** respectively.
- To enable the detailed estimates along with the various resolutions / 'technical' appendices required for Full Council in February to be finalised, a delegation to the Portfolio Holder for Corporate Finance and Governance is included below. A further delegation is also included to enable a business rate relief policy, associated with a

2022/23 mandatory Government relief scheme, to be finalised in advance of bills being printed and sent out before the start of the financial year.

- The budget position set out in this report may change, as further adjustments could be required as part of finalising the budget for presenting to Council on 15 February 2022, with a further delegation included in the recommendations to reflect this.
- Based on the final proposed budget for 2022/23, the Council Tax requirement is **£9.112m**, which is based on a £5 increase for this Council's services, with a Band D council tax of **£182.64**. These figure will remain unchanged and therefore will be reflected in the various budget resolutions / 'technical' appendices proposed to be delegated to the Portfolio Holder for Corporate Finance and Governance.
- The Council's annual budget and the district and parish elements of the council tax will be considered by Full Council on 15 February 2022 with approval of the 'full' council tax levy for the year being considered by the Human Resources and Council Tax Committee later in February 2022.
- Similarly to last year, the approval of the associated Treasury Strategy for 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee is recommended to be delegated to the Portfolio Holder for Corporate Finance and Governance.
- Although this report relates to the proposed budget for 2022/23, a recommendation is also included below to respond to a relatively urgent matter relating to the purchase of additional audio and visual equipment to enhance / complement the facilities available in the new committee room in the Town Hall and to continue with live streaming of meetings.

## **RECOMMENDATION(S)**

### ***Cabinet approves:***

- a) The latest financial forecast set out in Appendix A, along with the savings and cost pressures set out in Appendix B and C respectively that form the firm proposals for the 2022/23 budget and *recommends to Full Council:***
- (i) A Band D Council Tax for district services of £182.64 for 2022/23 (a £5 increase), along with the associated council tax requirement of £9.112m.**
- b) a delegation to the Portfolio Holder for Corporate Finance and Governance, to agree the 'technical' appendices and resolutions for the budget proposals for recommending to Full Council on 15 February 2022;**
  - (c) that subject to (b) above, in consultation with the Leader and the Corporate Finance and Governance Portfolio Holder, the Chief Executive reports directly to Council in respect of the formal resolutions necessary to implement the Executive's budget proposals along with any late information or notifications received from the Government;**
  - (d) a delegation to the Portfolio Holder for Corporate Finance and Governance, to agree / adopt a Retail, Hospitality and Leisure mandatory business rate relief scheme for 2022/23;**

(e) that in respect of the Treasury Strategy 2022/23, delegation be given to the Portfolio Holder for Corporate Finance and Governance to approve the draft Strategy for consultation with the Resources and Services Overview and Scrutiny Committee; and

(f) that in respect of the in-year budget for 2021/22, £0.064m is added to the Capital Programme to enable the purchase and installation of additional audio and visual equipment associated with the 'live streaming' of meetings and improving the quality of sound within the new committee room, which will be funded by adjustments elsewhere within the overall 2021/22 budget as identified by the Assistant Director (Finance & IT), in consultation with the Portfolio Holder for Corporate Finance and Governance.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

2022/23 sees the start of the development of a zero based approach to budget setting, which is one of the Council's key priorities as it forms one of the most important elements of delivering a sustainable budget year on year.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

The financial implications are set out in the body of the report.

Although the availability of financial resources is a key component in the delivery of services there will also need to be appropriate input of other resources such as staffing, assets and IT.

#### Risk

There are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of additional cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review that is still expected;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's core funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.
- On-going impact from the COVID 19 pandemic

One of the primary risks introduced by the COVID 19 crisis is the potential medium to longer-term impact to key income streams for the Council such as from council tax, business rates and general fees and charges.

Although income from council tax and business rates is seeing the continuing trend of

recovering back to pre-COVID 19 levels, there remains a secondary impact in areas of the budget such as court costs (existing annual income budget of **£0.323m**) and money receivable under the terms of the council tax sharing agreement with the major preceptors (existing annual income budget of **£0.631m**). In addition, the timing and trajectory of the recovery in fees and charges within leisure centres remains a key financial risk. Although it is expected that the above are expected to continue to recover over the course of the year, they will remain under review as part of the on-going development of the budget and as part of future quarterly financial performance reports.

In addition to the above, there remains a number of unmitigated cost pressures set out within **Appendix C**. However it is proposed to review these during the year where managed interventions may be necessary and as part of developing the long term forecast in later years. As part of the on-going development of the budget, there may also be opportunities to fund them on a one-off basis from elsewhere within the budget or via additional funding that may become available via the Local Government Financial Settlement.

However, given the significant risk that the above presents, it is proposed to underwrite this risk via re-focusing the existing Building for the Future Reserve. As highlighted later on in this report, this reserve has been used to fund the Council's pension deficit payments upfront, which in turn has generated significant annual revenue savings. This upfront payment is repaid over three years, which is built into the underlying budget. The estimated balance in this reserve at the end of March 2022 is **£1.654m**, which is therefore available to underwrite identified risks during 2022/23.

The specific risk to income budgets should be seen as separate from the underlying risk to the forecast, which are underwritten via the Forecast Risk Fund. As previously discussed, the Council's ability to financially underwrite the wider forecast is an important element of the 10-year plan. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, an update against the two important aspects to how this is being managed are as follows:

- 1) **£2.704m** remains within the Forecast Risk Fund (excluding 2021/22 contributions) to support the budget in future years. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year. Based on the current position, it is proposed to draw down **£0.431m** from this reserve in 2022/23, a significantly reduced position from the **£1.488m** presented to Cabinet on 17 December 2021. Annual surplus balances are still expected to remain within this reserve over the remaining life of the forecast as set out in **Appendix A**.
- 2) The forecast will remain 'live' and be responsive to changing circumstances and it will be revised on an on-going basis. If unfavourable issues arise, that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will, therefore, need to be considered but can be taken over a longer time period where possible. In such circumstance, the Council may need to consider 'topping' up the funding mentioned in 1) above if required. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten-year forecast.

The long-term approach to the forecast therefore still provides flexibility to respond to risks such as those presented by the potential on-going impact from the COVID 19 pandemic. However, it must be highlighted that the savings targets set out in the forecast will still need to be delivered in the longer term but they need to remain flexible and react as a counterbalance to other emerging issues and it is therefore accepted that this figure may need to be revised up or down

over the life of the forecast.

It is important to continue to deliver against the forecast to build confidence in the longer-term approach. This will therefore continue to need robust input from Members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.

In addition to the above, it is important to note that the Council has already prudently set aside money for other significant risks in the forecast such as **£1.758m** (NDR Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves, which reflects a best practice / risk based approach to support its core financial position.

In addition to the above, money has been set side to mitigate cost pressures associated with the repair and maintenance of Council assets. When they arise, they are usually significant and the approach taken aims to 'protect' the underlying revenue budget from such items. An Asset Refurbishment Reserve of **£1.269m** has therefore been established for this purpose and the use of this fund can be considered outside of the annual budget setting cycle via a separate decision making process and/or as part of the emerging Corporate Investment Plan.

## **LEGAL**

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

The Local Government Finance Act 2012 provided the legislative framework for the introduction of the Business Rates Retention Scheme and the Localisation of Council Tax Support.

Subject to Government guidance, a number of Business Rate Reliefs may be provided using powers under S47 of the Local Government Finance Act 1988, which require a local scheme to be developed and approved.

The Calculation of Council Tax Base Regulations 2012 set out arrangements for calculation of the council tax base following implementation of the Local Council Tax Support Scheme. The revised arrangements mean that there are lower tax bases for the district council, major preceptors and town and parish councils.

The Localism Act 2012 introduced legislation providing the right of veto for residents on excessive council tax increases.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council, as part of the budget process, on the robustness of estimates and adequacy of reserves. The proposed approach can deliver this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to Members as the budget develops.

In respect of special expenses that form part of the budget setting process, expenditure is

classed as a Special Expense if it satisfies the requirements of the Local Government Finance Act 1992, Section 35. The only category relevant to this Council is contained within Section 35(2)(d) relating to concurrent functions with Parish and Town Councils. Under the Local Government Finance Act 1992, the Council must identify as its Special Expense, proposed expenditure on those functions which the Council performs in part of the district but which Parish or Town Councils perform elsewhere in the District. If, in the Council's view, a special expense should properly be charged over the whole of the district's area, the Council may pass an express resolution to this effect (known as a **contrary resolution**).

In order for expenditure to be a Special Expense, there are two conditions that must be fulfilled:

1. Expenditure is estimated to be incurred by the District Council in the whole or part of its area on the provision of a function;
2. Expenditure on the provision of the same function is to be incurred by at least one parish/town council elsewhere in the district.

***The proposals set out in this report are in accordance with the Council's budget and policy framework.***

#### **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no other implications that significantly impact on the financial forecast. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver the necessary savings.

Special expenses are based on the principle of ensuring there is equality across the district in levying Council Tax to residents based on services and facilities provided by Town and Parish Councils in specific areas that are also provided by the District Council.

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

On 17 December 2021 Cabinet considered the Updated Financial Forecast / Budget 2022/23 for consultation with the Resources and Services Overview and Scrutiny Committee. The report set out an estimated deficit of **£1.488m** in 2022/23.

The development of the forecast / budget has continued since Cabinet's meeting on 17 December 2021, primarily to reflect the latest information such as the outcome of the Local Government Finance Settlement. The most up to date position is set out in **Appendix A**, which highlights a reduced deficit position for 2022/23 of **£0.431m**.

Similarly to last year, the most up to date forecast, savings schedule and cost pressure summary are set out in this report. A recommendation is included above that delegates approval of the more detailed budget information and associated appendices, that will be presented to the

Full Council meeting in February, to the Portfolio Holder for Corporate Finance and Governance. It is important to highlight that the more detailed position delegated to the Portfolio Holder will only be a reflection of the updated high level forecast set out in this report.

For completeness, the more detailed / technical information proposed to be delegated to the Portfolio Holder for Corporate Finance and Governance for approval, will include the following:

- *Detailed General Fund revenue estimates, capital programme and reserves 2022/23*
- *Special Expenses 2022/23*
- *Requisite Budget Calculations 2022/23*
- *District Council Taxes for All Areas 2022/23*
- *Precepts on the Collection Fund – District Amounts 2022/23*
- *District Council Tax Amounts 2022/23 (excluding Council Tax amounts for Town and Parish, County, Fire and Police services)*
- *Calculation of Estimated Surplus on the Collection Funds for 2022/23*
- *Prudential Indicators 2022/23*

The formal approval of the 'full' council tax levy for the year including the district amount approved by Full Council in February along with the Essex County Council and Police / Fire precepts will be considered by the Human Resources and Council Tax Committee later in February 2022.

#### **LATEST FINANCIAL FORECAST AND BUDGET PROPOSALS 2022/23**

As highlighted earlier in this report, the forecast considered by Cabinet at its 17 December 2021 meeting set out a deficit of **£1.488m**.

This deficit has subsequently been revised downwards to **£0.431m**, a change of **£1.057m** as set out in **Appendix A**.

This change is made up of the following adjustments:

- **Growth in Business Rates – Inflation and Business Rates Property Growth – net income of £0.362m has been added to the forecast. (Lines 3 and 4 – Appendix A)**

The final estimated business rates figures for 2022/23 have now been finalised. As mentioned in the report in December, the Government 'froze' the business rate multipliers for 2022/23 resulting in no inflationary allowance being added to the forecast. However, the Government have 'reimbursed' this income within the wider business rate calculations set out within line 4. The removal of the initial inflation amount and the addition of the revised overall business rate figures result in the favourable position now included within the forecast.

- **Collection Fund Surplus b/fwd and Specific Changes in Use of Reserves - net income of £0.079m has been added to the forecast. (Lines 5 and 14 – Appendix A)**

These adjustments relate to the on-going technical adjustments required to the forecast to reflect the accounting treatment across years for business rates that are met by Government grants (primarily COVID 19 reliefs). In addition, the proposed adjustment also reflects the 'draw down' of money from reserves to meet the 'foregone' income associated with the termination of the lease of Carnarvon House, supported in 2022/23 and 2023/24 via a one-off contribution from the outgoing leaseholder in 2021/22.

- **RSG and Other Changes Associated with the Local Government Finance Settlement – Increased grant income of £1.020m (Line 6 – Appendix A)**

The Government have continued to support Councils via the Revenue Support Grant along with additional grant funding to reflect the current challenges faced by Local Government. This includes 'reimbursement' of the increased national insurance contributions introduced by the Government from April 2022.

In previous years, the Council has reduced the LCTS grant to Town and Parish Councils in line with its own reduction in Revenue Support Grant. The forecast had therefore reduced the grant payable to Town and Parish Councils to nil in 2022/23. However, given the Government have maintained the RSG for at least a further year, the principle of passing some of this funding onto Town and Parish Councils that was established in prior years is proposed to continue into 2022/23. An adjustment of **£0.038m** has therefore been reflected in the forecast. **(Line 12 – Appendix A)**

- **On-going Net Savings – An increase of £0.010m in the total amount of on-going savings achieved. (Line 15 – Appendix A)**

This adjustment reflects a recent / separate decision, with further details set out in **Appendix B**.

- **Unmitigated Cost Pressures – An increase in cost pressures of £0.353m (Line 16 – Appendix A)**

Given the favourable position generated from the items above, this line of the forecast now reflects the inclusion of a number of important posts (but only on a one-off basis in 2022/23) that were highlighted in the report to Cabinet in December. This approach enables time to review and explore options to potentially fund them on a permanent basis during 2022/23. Please see **Appendix C** for further details.

In respect of cost pressures not currently included within the forecast as set out in **Appendix C**, updates are available for following two significant items:

**1) Cost of Temporary Accommodation**

The Government have recently confirmed grant funding in 2022/23 of **£0.781m** to support the prevention of homelessness. This level of grant funding will provide essential financial support to respond to this on-going and challenging issue, which in turns supports the decision of not including any additional funding from within the Council's own resources at the present time. However, this position will be monitored during 2022/23 as part of the quarterly financial performance reports.

**2) Loss of Income from the Crematorium in the first half of 2022/23**

Based on the current procurement timeline associated with the purchase of new cremators, it is likely that the crematorium will not become operational until sometime during the second quarter of 2022/23. Although this will increase the projected net loss of income above the **£0.250m** currently highlighted in **Appendix C**, an early

assessment of the outcome from the associated procurement processes indicates a significant saving against the cremator replacement budget of potentially up to **£0.400m**. Along with **£0.154m** held in the crematorium reserve, this can provide a significant financial 'offset' against the projected loss of income across 2021/22 and 2022/23.

Based on this improved position, the approach of not including a cost pressure within the base budget for 2022/23 remains in place, but this will be reviewed as part of the in-year and outturn positions for 2021/22 and will be monitored during 2022/23 as part of the quarterly financial performance reports.

- **Other Adjustments - An increase in costs of £0.023m (Line 17 – Appendix A)**

This line of the forecast reflects a number of smaller adjustments, such as the change in recharges between the General Fund and HRA.

In addition to the above, the Government also confirmed the provisional New Homes Bonus Grant due to the Council in 2022/23 would be **£1.850m**. This will be considered as part of the emerging Corporate Investment Plan, with details set out further on in this report.

### **Council Tax Income**

As part of the Local Government Finance Settlement, the Government announced the council tax 'capping' criteria for 2022/23 and it has been confirmed that District Councils can increase their council tax by 2% or £5, whichever is the greater. An increase of £5 had already been included in the forecast, so subject to agreement by Cabinet / Council, no further changes are required.

A £5 increase results in a council tax for a Band D property of **£182.64** in 2022/23, with a Council Tax Requirement of **£9.112m**.

### **Business Rates Income**

No changes over and above those mentioned earlier in this report have been reflected in the forecast. The Council remains a member of the Essex Business Rates Pool, with its continuing membership proposed for 2022/23. Unless a Local Authority withdraws from the Essex business rates pool, the pool will continue in 2022/23. At present, the forecast does not reflect any financial benefit from being a member of the pool, which will be revisited as part of developing the forecast in future years or reflected in the in-year budget position as necessary during 2022/23.

As part of continuing to provide COVID 19 financial support to businesses, the Government have announced a Retail, Hospitality and Leisure business rates relief scheme for 2022/23. Although limited by a 'cash cap of £110,000, the scheme enables business rate relief of up to 50% to be awarded to those businesses who directly operate within the retail, hospitality and leisure sectors. Although the financial impact / adjustments have been included within the financial forecast set out in this report, the Council is required to agree / adopt a local scheme to enable relief to be granted to qualifying businesses. As the scheme is in effect a mandatory scheme prescribed by the Government with no local discretions applicable, the adoption of a scheme is therefore primarily a governance issue. With this in mind, a delegation is included within the recommendations above to enable an associated scheme to be agreed / adopted before the bills for 2022/23 are sent to businesses during February / March.

### **Capital Programme**

No changes to the forecast have been required at this stage.

### **Reserves**

No changes over and above those set out earlier have been required at this stage.

### **Fees and Charges**

Fees and charges are agreed separately by the relevant Portfolio Holder and continue to be reviewed within the framework of the financial forecast and take into account the following key principles:

- general inflationary increases where possible or lower where appropriate / justified
- amounts rounded for ease of application, which may result in a slightly above inflation increase.
- on a cost recovery basis as necessary
- reflect statutory requirements.
- increases where market conditions allow
- to meet specific priorities or service delivery aims / objectives

No changes to the forecast have been required at this stage. Although they are now agreed separately, a full schedule of fees and charges will be provided to Members ahead of the Full Council meeting on 15 February 2022, where the budget for 2022/23 will be considered.

### **Treasury Strategy 2022/23**

In accordance with the Budget and Policy Framework the Treasury Strategy is required to be considered by the Resources and Services Overview and Scrutiny, following which it will be reviewed by Cabinet for recommending to Full Council in March.

As has been the case in previous years, a recommendation is included earlier on in this report to delegate the approval of the Treasury Strategy 2022/23 to the Portfolio Holder for Corporate Finance and Governance for consultation with the Resources and Services Overview and Scrutiny Committee.

### **Corporate Investment Plan**

As mentioned in the report to Cabinet in December, given the pressures on the on-going 'base' revenue budget, it is very unlikely that the long term forecast can generate significant 'surpluses' that can be used to invest in all 'optional' cost pressures.

However, it is important that they are still considered but this can be done outside of the annual 'base' budget setting cycle. Therefore, as part of a key governance action identified within the Annual Governance Statement, a Corporate Investment Plan continues to be developed, which will form part of the overall governance framework in terms of linking corporate priorities and strategies to investment priorities. This framework will take into account a number of key priority 'drivers' such as financial viability / sustainability, non-financial consequences such as reputation / health and safety, the outcome from external assessment / regulatory reviews along with being outcome driven. This approach would also consider the allocation of resources such as staff capacity, capital and IT.

In terms of identification of funding, this could come from external income, money receivable from the government as part of the financial settlement e.g. New Homes Bonus or other new burdens funding. It could also come from the reprioritisation of existing budgets.

This approach will also provide a solid platform to consider additional use of the ‘accelerated delivery budget’ to further build on the capacity already identified.

In taking the above approach forward it is currently planned to present a separate report to Cabinet in February 2022. This will also provide the opportunity to review the delivery against the Back to Business Plan, with any outstanding items proposed to be considered / incorporated within this wider Corporate Investment Plan going forwards.

### **Other Issues / Considerations**

Although this report sets out the forecast and budget for 2022/23, it also proposed to make an adjustment to the in-year budget for 2021/22, given the relative urgency of the issue that has emerged.

Following the completion of the new committee room in the Town Hall, the next phase of the project involves the installation of enhanced audio and visual equipment not only to support ongoing live streaming, which has proved popular and increases the openness of local democracy, but also to improve the quality of sound within the space and maximising its potential use. The Council has been informed that there is a risk that the project may be delayed into April due to issues in the associated international market and the supply of the necessary equipment.

To respond to this risk, it is proposed to progress the project as soon as possible, with a recommendation set out above to add **£0.064m** to the 2021/22 capital programme, which will be funded by identifying corresponding adjustments elsewhere in the overall budget.

## **BUDGET SUMMARIES**

Based on all of the adjustments set out elsewhere in this report, the proposed budgets for 2022/2023 are summarised below.

### **General Fund Revenue Budget (Table 1)**

|   | <b>2021/22<br/>Original</b> | <b>2022/23<br/>Original</b> |
|---|-----------------------------|-----------------------------|
|   | <b>£m</b>                   | <b>£m</b>                   |
| Net Cost of Services  | 19.172                      | 20.107                      |
| Revenue Support for Capital Investment  | 0.059                       | 0.082                       |
| Financing Items   | (4.973)                     | (7.389)                     |
| <b>Net Expenditure</b>  | <b>14.258</b>               | <b>12.800</b>               |
| Contribution to /(from) Uncommitted Reserve   | 0                           | 0                           |
| Net Use of Earmarked Reserves   | (6.642)                     | (3.402)                     |
| <b>Total Net Budget</b>   | <b>7.616</b>                | <b>9.398</b>                |
| <b>Less Funding</b>   |                             |                             |
| Business Rates (excl. S31 Govt. Grant funding)  | (4.599)                     | (3.033)                     |
| Revenue Support Grant   | (0.431)                     | (0.444)                     |
| Collection Fund Balance   | 6.018                       | 3.191                       |
| <b>Council Tax Requirement (for Tendring District Council) (Excludes Parish Precepts)</b> | <b>8.604</b>                | <b>9.112</b>                |

The council tax requirement for 2022/23 is based on a Band D council tax of **£182.64**, an increase of **£5 (2.80%)** over the 2021/22 amount of **£177.64**.

**General Fund Capital Programme (Table 2)**

|   | <b>2022/23<br/>Original<br/>Budget<br/>£m</b> |
|---|---|
| <b>EXPENDITURE</b>  |   |
| Information and Communications Technology Core Infrastructure | 0.070   |
| Disabled Facilities Grants                                    | 0.757   |
| Beach Huts at the Walings                                     | 0.012   |
| <b>Total Expenditure</b>                                      | <b>0.839</b>                                  |
| <b>FINANCING</b>  |   |
| Government Grants   | 0.757   |
| Direct Revenue Contributions                                  | 0.070   |
| Earmarked Reserves  | 0.012   |
| <b>Total Financing</b>  | <b>0.839</b>                                  |

**UPDATES TO THE FORECAST FOR THE PERIOD 2023/24 AND BEYOND**

Taking the most up to date position set out in this report, the expected annual position for each remaining year of the forecast is as follows:

| <b>Year</b> | <b>Net Budget Position<br/>(including adjusting for<br/>prior year use of<br/>reserves to balance the<br/>budget)</b> | <b>Forecast Risk Fund -<br/>Estimated Surplus<br/>Balance at the end of<br/>the year</b> |
|-------------|---|--|
| 2023/24     | £1.348m deficit   | £2.425m  |
| 2024/25     | £1.312m deficit   | £1.613m  |
| 2025/26     | £1.205m deficit   | £0.908m  |
| 2026/27     | £1.103m deficit   | £0.306m  |

Although the figures set out within the table above will change as part of updating the forecast on a regular basis during 2022/23, there have been no issues arising that indicate that the long term approach has become unsustainable. Against this background and as discussed previously, it may not be possible to avoid or mitigate adverse issues, such as cost pressures, over the remaining years of the forecast. However, the level of savings required will need to continue to act as the 'safety valve' with the overall position being subject to further updates as part of reporting the quarterly position going forward.

**BACKGROUND PAPERS FOR THE DECISION**

Working Papers in Accountancy

**APPENDICES**

|                   |   |
|-------------------|---|
| <b>Appendix A</b> | <b>Updated Financial Forecast 2022/23</b> |
| <b>Appendix B</b> | <b>Net On-Going Savings Items 2022/23</b> |
| <b>Appendix C</b> | <b>Cost Pressures Summary 2022/23</b>     |