

15 February 2023: These documents supersede their respective counterparts in Item 9(b) - Report considered by the Executive Committee, 8 February 2023 (Medium Term Financial Plan (MTFP) 2023/24 to 2027/28)

## **Revised Appendices**

The following tables replace the versions of Appendix 1 and Appendix 2 originally published. They have been updated following confirmation from the billing authorities of amounts receivable from national non-domestic rates (NNDR) and council tax (the statutory deadline for which was 31 January). The substantive changes of note presented to the Executive Committee on 8 February 2023 were:

- The Settlement Funding Assessment (SFA) for 2022/23 has been revised upwards from £8.610m to £11.338m (an increase of £2.728m). Future years' forecasts have been updated to reflect this movement and the additional funding has been forecast to transfer into reserves. The increase is predominantly due to the NNDR, which with its surplus figures was significantly higher than previous years. In particular the Milton Keynes appeals provision has reduced significantly compared to previous years resulting in higher-than-normal NNDR funding. Previous figures used were taken from the provisional funding settlement which is an estimate and more accurate figures are provided when billing authorities confirm them, usually after the 31 January.
- Due to this significant increase in NNDR funding our future SFA funding figures have been revised upwards. However, the NNDR funding is abnormally higher in 2023/24 than what we would expect and likely to reduce in subsequent years. The volatility in the current economic environment makes it really difficult to plan beyond 12 months.
- The Council Tax surplus figure for 2022/23 has been revised upwards from £190k to £335k (an increase of £145k) as one of the billing authorities had recently confirmed their surplus which was not available at the time of producing the papers. The Revenue Contribution to Capital budget in Appendix 1(a) and 1(b) for 2023/24 has therefore been revised upwards from £1.725m to £1.870m (a net increase of £145k).

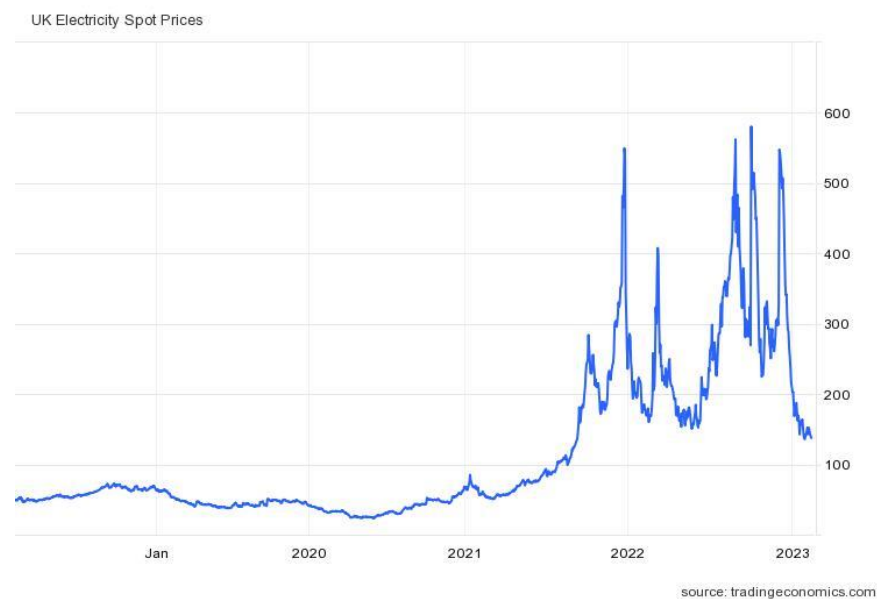
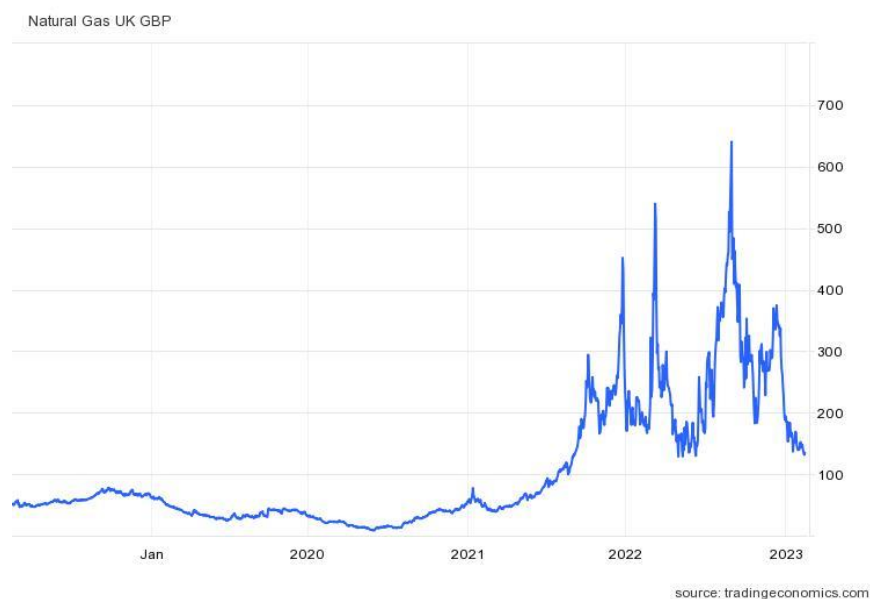
## **Pay Assumptions and Utilities**

Since the report was presented to the Executive Committee on 8 February 2023 there have been two significant subsequent events that have required these appendices to be further updated:

- On 8 February 2023, the National Employers agreed to make a revised pay offer of a 7% increase on all basic pay rates and Continual Professional Development payments (with effect from 1 July 2022) and a 5% increase (with effect from 1 July 2023). Although the offer is still subject to agreement, pay inflation assumptions for those two years have been updated to reflect this latest offer. Future year planning assumptions for pay awards have been revised upwards to 4% per year.
- The Property Manager has been working closely with our specialist utility advisors and received the results of our tender exercise on 9 February 2023. The Service has been able to agree and award a 12-month fixed price contract for both gas and electric, which due to movements in wholesale prices during the period in which the budget has been developed, will cost significantly less than our initial projections. Therefore, we have reduced our utilities budget throughout the MTFP by £500k per annum. It should be noted

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that the overall increase in utilities prices will still cost the Service circa £0.5m more per year than during 2021-22. As the charts below demonstrate, recent prices have been extremely volatile, and this could change again when we come to renew our contracts next year. Therefore, there is a need to be cautious when setting future budgets for utilities and the current figure is subject to change. Movements in wholesale prices will be closely monitored throughout the coming year.



Trading Economics (2023). Natural Gas UK GBP (GBp/thm). Available at: <https://tradingeconomics.com/commodity/uk-natural-gas> (Accessed: 10.02.2023)

Trading Economics (2023). UK Electricity Spot Prices (GBP/MWh). Available at: <https://tradingeconomics.com/united-kingdom/electricity-price> (Accessed: 10.02.2023)

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## Revised Appendix 1a

The model below is based on the assumptions detailed in Sections 3 and 4 and all significant budget movements have been subjected to officer and Member scrutiny as noted in Section 6. The funding assumptions have been updated following billing information being provided by the respective billing authorities.

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue Expenditure	£000	£000	£000	£000	£000	£000
<b>Base Budget</b>	<b>0</b>	<b>33,480</b>	<b>36,450</b>	<b>37,931</b>	<b>39,156</b>	<b>40,527</b>
Pay Adjustment	0	1,182	1,018	1,038	1,058	1,080
Inflation Adjustment	0	0	626	285	196	200
Corporate Core	1,586	-399	-45	0	0	0
Statutory Accounting & Contingency	643	-367	0	0	0	0
Delivery, Corporate Development & Planning	22,592	1,889	417	197	17	17
Human Resources	522	18	0	0	0	0
Finance & Assets	6,521	393	-165	-20	0	0
RCCO Adjustment	1,616	254	-370	-275	100	0
<b>Net Budget Requirement</b>	<b>33,480</b>	<b>36,450</b>	<b>37,931</b>	<b>39,156</b>	<b>40,527</b>	<b>41,824</b>
Council Tax	-22,759	-24,859	-26,009	-27,214	-28,474	-29,791
Council Tax (Surplus)/Deficit	-222	-335	0	0	0	0
Services Grant	-355	-199	0	0	0	0
Settlement Funding Assessment	-7,826	-11,338	-10,255	-10,460	-10,670	-10,883
Fire Specific Grants	-1,110	-989	-115	-57	0	0
Pension Grant Funding	-1,208	-1,208	-1,208	-1,208	-1,208	-1,208
(Use of)/Contribution to Reserves	0	2,478	-344	-217	-175	58
<b>Total Funding</b>	<b>-33,480</b>	<b>-36,450</b>	<b>-37,931</b>	<b>-39,156</b>	<b>-40,527</b>	<b>-41,824</b>
Shortfall/(Surplus) for Year	0	0	0	0	0	0
Cumulative Savings Requirement	0	0	0	0	0	0

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### Revised Appendix 1b – Reserves Position

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Usable Reserves	£000	£000	£000	£000	£000	£000
General Fund	-1,500	-1,625	-1,625	-1,625	-1,625	-1,625
Other Earmarked Reserves (excl. Control Room)	-1,287	-3,640	-3,296	-3,079	-2,904	-2,962
Revenue Contribution to Capital	-5,253	-4,336	-4,825	-4,851	-5,039	-5,415
<b>Total Usable Reserves</b>	<b>-8,040</b>	<b>-9,601</b>	<b>-9,746</b>	<b>-9,555</b>	<b>-9,568</b>	<b>-10,002</b>

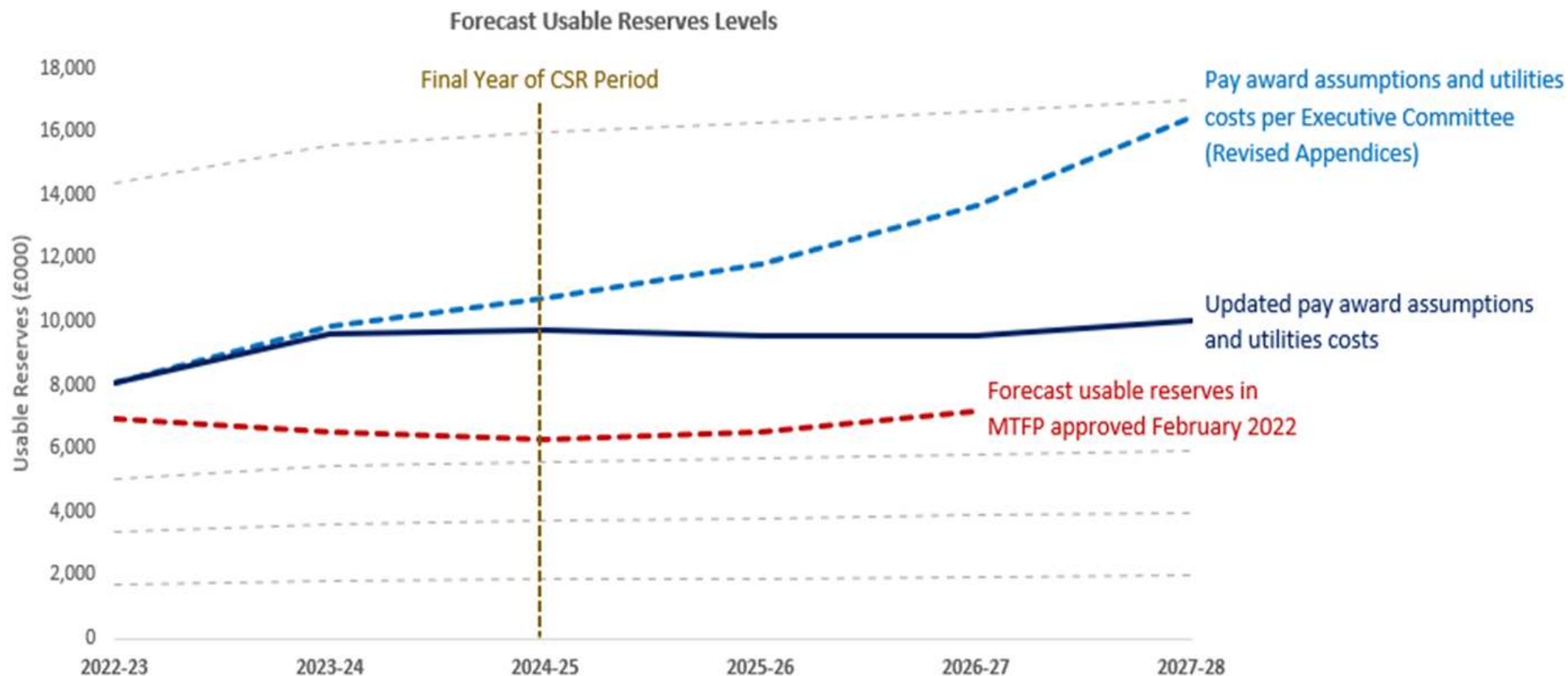
### Revised Appendix 2 – Capital Programme

The table below summarises the capital programme from 2022/23 through to 2027/28 and is based on the revenue contribution to capital levels shown in the revised Appendix 1:

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Capital Programme	£000	£000	£000	£000	£000	£000
Property - Condition Survey and Adaptations	500	639	701	469	407	219
Property - Transformation (Unit 7)	0	500	0	0	0	0
Operational Fleet Vehicles	500	787	0	500	500	500
Operational Equipment	1,220	155	155	155	155	155
Support	206	156	155	75	75	75
Slippage from Prior Years	1,514	0	0	0	0	0
Current Year Slippage Forecast	-550	550	0	0	0	0
Forecast O/S	-117	0	0	0	0	0
<b>Total Expenditure</b>	<b>3,273</b>	<b>2,787</b>	<b>1,011</b>	<b>1,199</b>	<b>1,137</b>	<b>949</b>
Funding B/Fwd	-3,886	-5,253	-4,336	-4,825	-4,851	-5,039
In Year Funding	-4,640	-1,870	-1,500	-1,225	-1,325	-1,325
<b>Funding (Available)/Deficit</b>	<b>-5,253</b>	<b>-4,336</b>	<b>-4,825</b>	<b>-4,851</b>	<b>-5,039</b>	<b>-5,415</b>

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## Revised Reserves Forecasts



N.B. Both the pay award assumptions and utilities costs per Executive Committee and the updated pay award assumptions and utilities costs lines are based on the Authority approving an increase in Band D Council Tax of £5 for 2023-24.

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### Revised Pay Sensitivity

