

WELWYN HATFIELD BOROUGH COUNCIL  
COUNCIL – 2 FEBRUARY 2022  
FOR DISCUSSION AS PART OF ITEM 8 – BUDGET PROPOSALS AND MEDIUM-  
TERM FORECASTS 2022/23

### **PROPOSED BUDGET AMENDMENT FROM LIBERAL DEMOCRATS**

***Proposed budget amendment:*** *That a garage site disposals programme be established to transfer sites to the value of £4.5m per annum to the Housing Revenue Account for the next three years to:*

- *increase land supply for the provision of social housing (200 units);*
- *provide capital receipts to the General Fund; and,*
- *reduce borrowing costs associated with borrowing.*

*That the reduction to borrowing costs be utilised to:*

- *fund a new role of Climate Change Officer. Their responsibility would include training other council officers in energy saving options and climate change initiatives; and,*
- *generate additional efficiencies for the council in the longer term.*

*To utilise the strategic initiatives reserve to start the programme and repay most of the upfront investment by year four.*

### **Section 151 Officer Comments regarding proposed amendment**

Members will recall that this proposal was presented at the 1 February 2021 Council meeting. This proposal was also discussed at the Budget Task and Finish Panel in December 2021. The following comments provides an overview of the updates discussed at the Task and Finish Panel on the asset strategy and information on garage sites. Information has also been set out on climate change and the financial implications associated with the proposed amendment.

#### **Asset Strategy Update**

The council is in the process of establishing an asset strategy. This is scheduled to be presented to Cabinet in March 2022 for consideration, followed by presenting the recommended garage disposal criteria shortly afterwards.

This strategy will inform the basis of recommendations around a garage disposals programme. As this work has not yet been completed, the following financial implications are based on a series of high-level assumptions. As such, there is a level of risk built into the forecasts, and these are outlined in more information through this section.

During the later part of 2020/21 and through 2021/22, conditions surveys have been carried out on the majority of the council's operational and commercial assets. Unsurprisingly, due to the common age of many of the council's buildings, the conditions surveys have identified a substantial number of works required over the next 10 years, where key components such as plant are coming to the end of their useful lives. This is demonstrated with the need for replacement plant at campus west and campus east and the swim centre, which the council were fortunate to be able to obtain around £2m of funding for through the national decarbonisation scheme.

Included in the budget proposals for 2022/23 is a capital budget for the year one condition survey works, but future years have not yet been included to allow time to fully review the surveys and devise a long term planned works programme and funding strategy for these.

One of the key actions that will be in the asset strategy is to develop a 10 year programme of works, and more importantly a funding strategy for these.

Part of the strategy for funding will of course be external funding, with the recent example of the decarbonisation schemes, which were successful in part, due to the age and inefficiency of the heating at those sites.

However, the council will not attract funding for a large number of the required works, and a review of assets and release of capital value where appropriate to help fund works will be one of the key options available.

Until this programme has been developed, it is unclear how this proposal may impact on the funding strategy for the works required in the conditions surveys.

### Garage Review Update

Since February 2021, work has commenced on pulling together data on our garage sites, including occupancy, size, location, site proximity, and conditions. Other factors are also being gathered such as parking issues in the area, fly tipping and anti-social behaviour. It is clear from the data gathered to date, that there are more opportunities in Hatfield for rationalisation, as occupancy is noticeably lower in Hatfield than it is in Welwyn Garden City.

Once the asset strategy is considered, a report would then be presented to set out a garage rationalisation programme with recommendations on the key criteria to be used to determine which sites would be most suited for disposal.

There may be opportunities to transfer some sites to the HRA for development of housing, but these sites are actually very resource intensive to deliver and it unlikely the council could deliver housing at pace with multiple small sites, so the council would need to be very selective in the sites that were chosen to retain and build on, with the others being considered for disposal on the open market.

In terms of the open market, it would be reasonable to test the market for the disposal of garage sites and understand the demand for such sites. Disposing of too many sites in one year may risk flooding the market, and depress site values. Consideration would be required on the level of the internal resource required to undertake disposals. Each site would require valuation and agreement on disposal strategy (such as whether the sale is conditional or unconditional on obtaining planning), marketing, assessment of bids, and then legal resources for the actual sale.

### Climate Change Update

When considering these proposals, it is important for members to understand the Council's current approach to Climate Change, and some of the items delivered under this approach.

The Council has a legacy of involvement in climate change. Welwyn Hatfield Borough Council signed the Nottingham Declaration in September 2006 and in doing so acknowledged the overwhelming evidence of climate change and that this change will bring increasingly adverse effects on our community, economy and our environment. The Council also pledged to pro-actively tackle climate change in the borough and work with others to reduce carbon emissions, which is attributed to be one of the main causes of climate change.

Climate change is a cross-cutting topic, meaning that every councillor, Director, Head of Service and senior officer will be expected to understand the key issues and embed them into policies, day-to-day activities and recommendations to committees.

The Council's response to the climate change agenda includes having an Executive Member champion (Cllr Fiona Thomson), a cross-party Member Group, a Head of Service lead in the Head of Planning. The Head of Planning job incorporates climate change as one of the key tasks of the role. There is also a wider officer group established, which includes representatives from all service areas, to carry out the actions in the council's Climate Change Strategy.

The Head of Planning works collectively and collaboratively with officers drawn from across the council to deliver the strategy and action plan to deliver the strategy objectives, notably to achieve zero net carbon by 2030. Those officers will also work within the Herts Climate Change and Sustainability Group to share best practice and achieve economies of scale wherever possible. This is because it is recognised that no one agency can own the entire climate change agenda.

Both the Economic Development Officer and the Climate Change and Energy Efficiency Officer work closely to deliver many of the strategy's actions and those which are likely to result in the greatest reduction of carbon emissions.

The Council rolled out a programme of carbon literacy training to provide councillors and officers with a base understanding of this issues and challenges ahead.

Some of the actions that have been delivered since February 2021 include (a full list is presented to the Member Climate Change Group):

- Approved a climate change strategy
- Created a climate change action plan
- Successfully applied for funding to decarbonise three council buildings, one of which works are complete, and the other two due for completion in the coming months.
- Applied for tranche three of the decarbonisation scheme and included a sum in the budget proposals to deliver these projects should the grant applications be successful.
- Provided energy efficiency audits and advice to businesses on energy efficiency measures.
- Provided grant funding to local businesses to support with carbon reduction measures.
- Signed up to the Hertfordshire Climate Change & Sustainability Partnership's action plans on Transport, Carbon Reduction and Water.
- Joined the Hertfordshire Solar Panel Bulk Buy Scheme, enabling residents to access solar panel installations at lower prices due to economies of scale.
- Commenced procurement of replacement electric pool vehicles
- Subscribed to the Energy Saving Trust (EST), Energy Saving App aimed at helping householders identify how to reduce energy use around the home, saving residents money and reducing their carbon emissions.
- Installed 16 electric vehicle charging points after a successful grant application, with a larger project included in the draft budget proposals for installation of additional charging points.
- Provided Carbon literacy training to members and officers.
- Built additional charging points into the councils own development schemes (such as the Hatfield Multi Story Car Park), along with passive infrastructure to enable quicker installation of additional points as demand increases over time.
- Identified a potential site to deliver up to 30 new net carbon homes as part of the Affordable Homes Programme. If this proceeds it would be in partnership with Eastern New Energy, who will part fund it via the European Regional Development Fund (ERDF) grant funding.
- Ensured proposals for new ANPR vehicles included in the budget proposals will be fully electric.
- Amended the Estate Management Scheme (EMS) guide to allow solar panels to reduce restrictions on installations on solar panels for properties in the Estate Management Area. The budget proposals include the proposed charges for the EMS scheme, and environmental projects will not be charged a fee.
- Planting over 2,000 plus trees to create pocket woodlands in the Black Fan, as part of the Local Authority Tree Fund for which the council was successful in receiving funding.

## Financial Implications of Budget Amendment Proposal

The following financial implications are based on a series of high-level assumptions. As such, there is a level of risk built into the forecasts, and these are outlined in more information through this section.

Based on an average garage value of £18k per unit, the £4.5m disposals target would equate to around 250 garages, the equivalent of at least 10 sites per annum.

The council appropriated five garage sites in 2020 to the Housing Revenue Account (HRA). Each disposal requires an assessment, a valuation, the termination of tenancies, the set-up of new tenancies for any agreed transfers, legal processes and site management until transfer. Since appropriation, two of these schemes are now being delivered on site, the other three sites have not yet received planning approvals as designs have been challenging due to access constraints on the sites.

Based on the work undertaken in 2020 to appropriate 5 sites, it is anticipated that 10 sites would not require any additional resources within the General Fund, although this would need to be closely monitored.

However, based on the speed of delivery and resourcing requirements of the sites previously appropriated, to deliver at a pace of 10 sites per year in the HRA, there would be a requirement for additional resources within the HRA. These additional resources would need careful consideration as part of the viability assessments of each site.

A high-level summary of the financial impacts to the General Fund is as follows. The full financial impact of these implications would not be seen until 2026/27.

Although the medium-term financial strategy (MTFS) only runs until 2025/26, five years are shown to show the full ongoing impact to the general fund:

| Item                               | 2022/23 | 2023/24 | 2024/25  | 2025/26 | 2026/27 |
|------------------------------------|---------|---------|----------|---------|---------|
| Climate Change Officer*1           | £50k    | £52k    | £54k     | £56k    | £58k    |
| Income losses on disposals *2      | £65k    | £120k   | £190k    | £190k   | £190k   |
| Reduced borrowing costs *3         | (£45k)  | (£135k) | (£225k)  | (£270k) | (£270k) |
| Management and maintenance *4      | (£8k)   | (£16k)  | (£31.5k) | (£39k)  | (£39k)  |
| Total cost / (cost reduction)      | £62k    | £21k    | (£12.5k) | (£63k)  | (£61k)  |
|                                    |         |         |          |         |         |
| Strategic Initiative Reserve *5    | (£62k)  | (£21k)  | £12.5k   | £63k    | 0       |
|                                    |         |         |          |         |         |
| Reduction to efficiency targets *6 | 0       | 0       | 0        | 0       | (£61k)  |

\*1 – An assumed starting cost of £50k per annum has been assumed including oncosts. Actual salary will dependant on job design and evaluation, and may lead to the costs being higher or lower than the assumptions made.

\*2 - Income losses have been modelled on the basis of a starting position of 80% occupancy, rising to 83% occupancy by 2023/24 in line with current MTFs. Inflationary increases of 2% per annum have also been included in the calculations. Importantly, losses have been modelled on an assumption of 50% of tenants being able to be relocated to alternative garage sites. This could vary widely by site and will in reality be dependent on proximity of alternative sites, occupancy rates and tenant desire to relocate.

\*3 – Reduced borrowing costs have been calculated using an average rate of 2%, and an even profile of disposals throughout each year. This means the full year impact of reductions to borrowing costs are not realised until the following financial year.

\*4 – A reduction to management and maintenance has been assumed based on a direct apportionment of costs. There may be some small additional costs associated with the implementation of the larger changes in 2024/25, but this would need to be considered during that financial year.

\*5 – The proposals make use of the Strategic Initiatives earmarked Reserve to provide the initial investment that would be required to fund the proposal. The proposal then seeks to reinvest savings in years three and four to replenish the reserve. The net impact on Earmarked Reserves over the four year period is a use of £7.5k.

\*6 – Although the MTFs does not run to this year, the full year impact for year five has been included to show the ongoing efficiency that would be built into the base budget once there are no further movements to/from the Strategic Initiatives Earmarked Reserve in relation to the proposals.

In addition to the above assumptions, it is important to note that the disposals programme and climate change officer are not intrinsically linked. Therefore if it transpired it was not possible to achieve £4.5m in disposals per annum, that there may be an element of the role which would need to be funded through increases to the savings requirement.

In relation to the HRA, as outlined, sites would first need to be identified and assessed as viable schemes before transfer.

As part of the assessment, consideration would need to be given to the overall cost of development. Due to the uncertainties around which sites might be selected and the site criteria that will be used to select sites, it is not possible to determine what may be able to be developed and therefore it is not possible to determine budget requirements.

If this proposal is approved, once sites have been selected and assessed as viable, a report will need to be returned to Council to request a supplementary budget. However, dependant on the timing of this, it may be possible to fund initial works from the general affordable homes programme budget and incorporate longer term development costs into the 2023/24 budget.

These sites are generally more resource intensive to manage, and consideration would also need to be given to the resources within the team delivering the affordable homes programme. However, on the assumption that schemes selected and recommended are considered viable, these costs will be factored into the budgets presented for approval for the schemes.

Once determined, these costs and associated income would also need to be incorporated into the councils 30-year HRA business plan.

Should a site not be viable for disposal for development of affordable housing, it may still be viable for a market disposal. The value obtained would be the same for the sites but would require disposal on the open market and a competitive process. This process would be more resource intensive.

There is also a budget for garage forecourt and roofing works within the capital programme. These works are for a rolling programme of safety and improvement works, and it is not anticipated the proposals would have a material impact on this programme in the medium term.

These budget proposals would change a number of items within the budget report, including minor adjustments to text within the covering report and MTFS (including reference to the disposal programme in our revenue strategies, financing strategies and reserve summaries). These details would be recommended to be delegated to the Section 151 Officer to update, but the key tables members would need to note and consider as part of these proposals are included in the following pages.

## General Revenue Fund Amendments

- The proposals would amend appendix A as follows:

| WELWYN HATFIELD BOROUGH COUNCIL   |                 |                | Appendix A1     |                |
|---|-----------------|----------------|-----------------|----------------|
| GENERAL FUND SUMMARY 2022/23  |                 |                |                 |                |
| Description   | Original Budget | Forecast       | Original Budget | Year On        |
|   | 2021/22         | Outturn        | 2022/23         | Year           |
|   | £ '000          | £ '000         | £ '000          | Change         |
|   |                 |                |                 | £ '000         |
| Head of Resources   | 1,323           | 5,353          | 1,791           | 468            |
| Head of Environment   | 6,953           | 7,768          | 7,411           | 458            |
| Head of Policy and Culture  | 1,352           | 2,581          | 1,262           | (89)           |
| <b>Resources, Environment and Cultural Services</b>   | <b>9,628</b>    | <b>15,702</b>  | <b>10,464</b>   | <b>836</b>     |
| Head of Law and Administration  | 2,281           | 2,246          | 2,314           | 33             |
| Head of Planning  | 1,096           | 1,116          | 1,040           | (56)           |
| Head of Public Health and Protection  | 1,336           | 1,413          | 1,251           | (85)           |
| <b>Public Protection, Planning and Governance</b>   | <b>4,712</b>    | <b>4,775</b>   | <b>4,604</b>    | <b>(108)</b>   |
| Head of Community and Housing Strategy  | 2,217           | 2,152          | 2,230           | 14             |
| <b>Housing and Communities</b>  | <b>2,217</b>    | <b>2,152</b>   | <b>2,230</b>    | <b>14</b>      |
| Budgets of the Corporate Management Team  | 1,598           | 1,513          | 1,642           | 45             |
| <b>Net Controllable Income and Expenditure</b>  | <b>18,155</b>   | <b>24,142</b>  | <b>18,942</b>   | <b>787</b>     |
| Net Recharge to the Housing Revenue Account   | (5,066)         | (5,176)        | (5,485)         | (418)          |
| <b>Net General Fund Expenditure</b>   | <b>13,089</b>   | <b>18,966</b>  | <b>13,457</b>   | <b>368</b>     |
| Income from Council Tax   | (11,312)        | (11,312)       | (11,641)        | (329)          |
| Plus/Less Council Tax collection fund deficit/(surplus)   | 148             | 148            | 213             | 65             |
| Business Rates Income   | (3,812)         | (4,612)        | (3,930)         | (118)          |
| Plus/Less Rates collection fund deficit/(surplus)   | 522             | 9,476          | (1,153)         | (1,675)        |
| New Homes Bonus and other grants  | (609)           | (609)          | (712)           | (103)          |
| Lower Tier Services Grant   | (124)           | (124)          | (131)           | (7)            |
| Services Grant  | 0               | 0              | (201)           | (201)          |
| Covid Support Grant   | (610)           | (910)          | 0               | 610            |
| <b>Other Operating Income and Expenditure</b>   |                 |                |                 |                |
| Less Interest and Investment Income   | (30)            | (30)           | (30)            | 0              |
| Net interest income from Now Housing  | (40)            | (40)           | (100)           | (60)           |
| Plus capital financing  | 949             | 949            | 1,049           | 100            |
| Borrowing Interest  | 420             | 420            | 490             | 70             |
| Parish Precepts   | 1,787           | 1,787          | 1,894           | 107            |
| <b>Net Total before movements in reserves</b>   | <b>378</b>      | <b>14,109</b>  | <b>(796)</b>    | <b>(1,174)</b> |
| Contribution (from) / to Covid Earmarked Reserves   | 0               | (425)          | 250             | 250            |
| Contribution (from) / to Earmarked Reserves   | 520             | (3,969)        | (321)           | (841)          |
| Contribution (from) / to Earmarked Reserves - Collection Fund   | 0               | (8,624)        | 940             | 940            |
| <b>Contribution (from) / to GF balances</b>   | <b>(898)</b>    | <b>(1,091)</b> | <b>(73)</b>     | <b>825</b>     |
| <b>Key of variance column = (Decrease in expenditure/increase in income), increase in expenditure/reduction in income</b> |                 |                |                 |                |
| Opening General Fund Balances   | 6,902           | 6,902          | 5,811           |                |
| Use of General Fund Balances  | (898)           | (1,091)        | (73)            |                |
| Closing General Fund Balances   | 6,004           | 5,811          | 5,738           |                |



- Appendix B1 would be amended as follows:

| Director and Head of Service Summaries - Budget 2022/23           |                         |                         | Appendix B1         |
|---|-------------------------|-------------------------|---------------------|
| Corporate Director (Resources, Environment and Cultural Services) |                         |                         |                     |
| Head of Resources   |                         |                         |                     |
| Description   | Original Budget 2021/22 | Original Budget 2022/23 | Year On Year Change |
|   | £ '000                  | £ '000                  | £ '000              |
| Employees   | 3,284                   | 3,665                   | 380                 |
| Premises Related  | 1,793                   | 1,993                   | 200                 |
| Transport Related   | 38                      | 31                      | (6)                 |
| Supplies and Services   | 1,148                   | 1,171                   | 23                  |
| Third Party Payments  | 4,947                   | 4,950                   | 3                   |
| Transfer Payments   | 28,323                  | 23,929                  | (4,394)             |
| Income  | (38,210)                | (33,949)                | 4,262               |
| <b>Controllable Costs</b>   | <b>1,323</b>            | <b>1,791</b>            | <b>468</b>          |
| <b>Analysis of Controllable Costs</b>                             |                         |                         | <b>£ '000</b>       |
| <b>Original Budget 2021/22</b>                                    |                         |                         | <b>1,323</b>        |
| <b>Growth:</b>  |                         |                         |                     |
| Increase in National Insurance                                    |                         |                         | 19                  |
| Corporate provision for NI increases for third party payments.    |                         |                         | 172                 |
| <b>Efficiencies:</b>  |                         |                         |                     |
| Resources Processes Review  |                         |                         | (10)                |
| Business Centres Restructure                                      |                         |                         | (8)                 |
| Cleaning baseline reset   |                         |                         | (3)                 |
| Decarbonisation Projects - Campus East                            |                         |                         | (14)                |
| Estates baseline reset  |                         |                         | (54)                |
| Insurance Savings   |                         |                         | (15)                |
| Bank and Giro Charges baseline reset                              |                         |                         | (10)                |
| Further Printing Reductions                                       |                         |                         | (5)                 |
| <b>Inflation and Other Changes:</b>                               |                         |                         |                     |
| Salaries Inflation and Turnover                                   |                         |                         | 70                  |
| Net losses associated with garage disposals programme             |                         |                         | 57                  |
| Contractual and Premises Inflation                                |                         |                         | 132                 |
| Utilities Inflation   |                         |                         | 45                  |
| Inflationary income increases                                     |                         |                         | (143)               |
| Modernisation Team centralisation                                 |                         |                         | 90                  |
| Virements between service areas                                   |                         |                         | 145                 |
| <b>Original Budget 2022/23</b>                                    |                         |                         | <b>1,791</b>        |

- Appendix B5 would be amended as follows:

| Director and Head of Service Summaries - Budget 2022/23         |                                   | Appendix B5                       |                               |
|---|-----------------------------------|-----------------------------------|-------------------------------|
| Corporate Director (Public Protection, Planning and Governance) |                                   |                                   |                               |
| Head of Planning  |                                   |                                   |                               |
| Description   | Original Budget 2021/22<br>£ '000 | Original Budget 2022/23<br>£ '000 | Year On Year Change<br>£ '000 |
| Employees   | 1,656                             | 1,853                             | 198                           |
| Premises Related  | 1                                 | 1                                 | 0                             |
| Transport Related   | 8                                 | 8                                 | 0                             |
| Supplies and Services   | 275                               | 250                               | (25)                          |
| Third Party Payments  | 14                                | 13                                | (0)                           |
| Transfer Payments   | 0                                 | 0                                 | 0                             |
| Income  | (858)                             | (1,085)                           | (228)                         |
| <b>Controllable Costs</b>                                       | <b>1,096</b>                      | <b>1,040</b>                      | <b>(56)</b>                   |
| <b>Analysis of Controllable Costs</b>                           |                                   |                                   | <b>£ '000</b>                 |
| <b>Original Budget 2021/22</b>                                  |                                   |                                   | <b>1,096</b>                  |
| <b>Fixed Term Growth:</b>                                       |                                   |                                   |                               |
| One off planning appeal   |                                   |                                   | 50                            |
| <b>Growth:</b>  |                                   |                                   |                               |
| Increase in National Insurance                                  |                                   |                                   | 13                            |
| Climate Change Officer  |                                   |                                   | 50                            |
| <b>Efficiencies:</b>  |                                   |                                   |                               |
| Introduction of Estate Management Fees                          |                                   |                                   | (57)                          |
| Planning fees   |                                   |                                   | (100)                         |
| Insourcing of Planning Support                                  |                                   |                                   | (15)                          |
| Planning Application Fees (PPA)                                 |                                   |                                   | (10)                          |
| Planning monitoring Fees (CIL)                                  |                                   |                                   | (30)                          |
| <b>Inflation and Other Changes:</b>                             |                                   |                                   |                               |
| Salaries Inflation and Turnover                                 |                                   |                                   | 88                            |
| Contractual Inflation   |                                   |                                   | 3                             |
| Inflationary income increases                                   |                                   |                                   | (3)                           |
| Virements between service areas                                 |                                   |                                   | (46)                          |
| <b>Original Budget 2022/23</b>                                  |                                   |                                   | <b>1,040</b>                  |

- Appendix A2 would be amended to increase the Strategic Initiatives Earmarked Reserve drawdown by £62k.
- Appendix D would be amended to reflect fixed term growth of £62k in relation to these proposals.

## Housing Revenue Account Amendments

- The proposals would not immediately impact on the HRA budget. Any amendments required would be based upon selected viable schemes and would need to be returned for decision at a later date.

## Capital Programme Amendments

- The proposals would not immediately impact on the capital programme budget. It has been assumed the proposals would not slow down existing programmes on garage improvements. Any amendments required to the affordable homes programme would be based upon selected viable schemes and would need to be returned for decision at a later date.
- The capital financing would need to be amended to reflect lower borrowing, therefore appendix J would be amended to:

| <b>Capital Financing Summary</b>                              | <b>Appendix J</b> |                |                |                |                |                |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|
|   | <b>2021/22</b>    | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|   | <b>£'000</b>      | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| <b>GENERAL FUND</b>   |                   |                |                |                |                |                |
| General Expenditure   | 34,843            | 10,978         | 1,381          | 1,471          | 1,385          | 1,415          |
| Capital Receipts and Reserves                                 | (3,511)           | (4,285)        | (789)          | (879)          | (793)          | (823)          |
| Capital Grants and Contributions                              | (15,264)          | (2,998)        | (592)          | (592)          | (592)          | (592)          |
| Revenue Contribution to Capital                               | (196)             | 0              | 0              | 0              | 0              | 0              |
| <b>Borrowing Requirement for Before MRP</b>                   | <b>15,872</b>     | <b>3,695</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Minimum Revenue Provision                                     | (817)             | (940)          | (1,213)        | (1,213)        | (1,213)        | (1,213)        |
| Appropriations to the HRA for Garages                         |                   | (4,500)        | (4,500)        | (4,500)        |                |                |
| <b>Net Change in Borrowing Requirement for Year excluding</b> | <b>15,055</b>     | <b>(1,745)</b> | <b>(5,713)</b> | <b>(5,713)</b> | <b>(1,213)</b> | <b>(1,213)</b> |
| Now Housing Loans   | 11,548            | 60,570         | 12,033         | 11,056         | 370            | 2,430          |
| <b>Net Change in Borrowing Requirement for General Fund</b>   | <b>26,603</b>     | <b>58,825</b>  | <b>6,320</b>   | <b>5,343</b>   | <b>(843)</b>   | <b>1,217</b>   |
| Cumulative Borrowing Requirement at year end - General        | 49,672            | 47,909         | 42,178         | 36,447         | 35,217         | 33,986         |
| Cumulative Borrowing Requirement at year end - Now Housing    | 13,985            | 74,555         | 86,588         | 97,644         | 98,014         | 100,444        |
| Cumulative Borrowing Requirement at year end - Total          | 63,657            | 122,464        | 128,766        | 134,091        | 133,231        | 134,430        |
| Capital Reserves Balance at year end                          | 4,891             | 5,201          | 4,522          | 3,738          | 3,040          | 2,312          |
| Capital Grants Balance at year end                            | 3,158             | 1,880          | 1,880          | 1,880          | 1,880          | 1,880          |
| <b>HOUSING REVENUE ACCOUNT</b>                                |                   |                |                |                |                |                |
| Total Expenditure   | 52,514            | 57,415         | 38,154         | 30,399         | 33,006         | 32,406         |
| Loan Repayment  | 21,400            | 22,700         | 24,200         | 25,800         | 27,500         | 29,300         |
| Capital Receipts and Reserves                                 | (17,640)          | (18,490)       | (19,004)       | (19,328)       | (19,558)       | (20,143)       |
| Restricted 141 Capital Receipts                               | (11,406)          | (7,150)        | (2,800)        | (2,110)        | (2,960)        | (2,960)        |
| Capital Grants and Contributions                              | 0                 | 0              | 0              | 0              | 0              | 0              |
| Revenue Contribution to Capital                               | (5,582)           | (6,257)        | (7,346)        | (7,990)        | (9,540)        | (9,123)        |
| Appropriations from the General Fund for Garages              |                   | 4,500          | 4,500          | 4,500          |                |                |
| <b>Borrowing Requirement for Year</b>                         | <b>39,286</b>     | <b>52,718</b>  | <b>37,704</b>  | <b>31,271</b>  | <b>28,448</b>  | <b>29,480</b>  |
| Cumulative Borrowing Requirement at year end                  | 259,833           | 289,850        | 303,355        | 308,826        | 309,774        | 309,954        |
| Capital Reserves and Grants Balance at year end               | 3,059             | 1              | 1,184          | 2,946          | 3,292          | 3,522          |

Medium Term Financial Strategy

- Table 2.2a would be amended as follows:

|   | 2022/23<br>Budget<br>£'000 | 2023/24<br>Forecast<br>£'000 | 2024/25<br>Forecast<br>£'000 | 2025/26<br>Forecast<br>£'000 |
|---|----------------------------|------------------------------|------------------------------|------------------------------|
| <b>Cost Of Services</b>   |                            |                              |                              |                              |
| Employees   | 14,279                     | 14,612                       | 16,228                       | 15,781                       |
| Premises  | 3,832                      | 3,901                        | 3,948                        | 4,020                        |
| Supplies and Services   | 4,643                      | 4,549                        | 4,576                        | 4,655                        |
| Transport   | 96                         | 97                           | 98                           | 98                           |
| Third Party Payments  | 14,572                     | 14,863                       | 15,160                       | 14,464                       |
| Transfer Payments   | 23,929                     | 23,929                       | 23,929                       | 23,929                       |
| Income  | (42,367)                   | (42,983)                     | (43,571)                     | (44,017)                     |
| Net Recharge to HRA   | (5,527)                    | (5,637)                      | (5,750)                      | (5,865)                      |
| <b>Net Cost of Services</b>   | <b>13,457</b>              | <b>13,331</b>                | <b>14,625</b>                | <b>14,074</b>                |
| Impact of previous savings  |                            |                              | (1,514)                      | (1,895)                      |
| <b>Revised Net Cost of Services</b>   | <b>13,457</b>              | <b>13,331</b>                | <b>13,111</b>                | <b>12,179</b>                |
| <b>Other Income and Expenditure</b>   |                            |                              |                              |                              |
| Income from Council Tax   | (11,535)                   | (11,823)                     | (12,119)                     | (12,422)                     |
| Business Rates Retention  | (3,930)                    | (2,950)                      | (3,009)                      | (3,069)                      |
| Collection Fund (Surplus)/Deficit   | (940)                      | 1,935                        | 0                            | 0                            |
| New Homes Bonus Grant   | (712)                      | 0                            | 0                            | 0                            |
| Lower Tier Services Grant   | (131)                      | 0                            | 0                            | 0                            |
| New Services Grant  | (201)                      | 0                            | 0                            | 0                            |
| Funding – Transitional Protection Assumption  | 0                          | (500)                        | 0                            | 0                            |
| Interest Income (inc. Now Housing Interest)   | (130)                      | (180)                        | (230)                        | (280)                        |
| Capital Financing (Leases, contributions to capital, interest, minimum revenue provision) | 1,539                      | 2,000                        | 1,940                        | 1,971                        |
| Parish Precepts   | 1,787                      | 1,832                        | 1,877                        | 1,924                        |
| Contribution to Covid-19 Reserve  | 250                        | 0                            | 0                            | 0                            |
| Contributions to/(from) Collection Fund Reserves  | 940                        | (1,935)                      | 0                            | 0                            |
| Contributions from other Earmarked Reserves   | (197)                      | (195)                        | (1,191)                      | 76                           |
| <b>Total Other Income and Expenditure</b>   | <b>(13,277)</b>            | <b>(11,661)</b>              | <b>(12,518)</b>              | <b>(11,593)</b>              |
| <b>Budget Gap (Single Year)</b>   | <b>73</b>                  | <b>1,514</b>                 | <b>381</b>                   | <b>379</b>                   |
| <b>Budget Gap (Cumulative)</b>  |                            | <b>1,514</b>                 | <b>1,895</b>                 | <b>2,274</b>                 |

Table 3.2.7 showing the councils capital financing requirements, would be amended as follows:

|                         | 2022/23<br>£'m | 2023/24<br>£'m | 2024/25<br>£'m | 2025/26<br>£'m | 2026/27<br>£'m |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| General Fund            | 47.909         | 42.178         | 36.447         | 35.217         | 33.986         |
| Loans to Now Housing    | 74.555         | 86.588         | 97.644         | 98.014         | 100.444        |
| Housing Revenue Account | 289.850        | 303.335        | 308.826        | 309.774        | 309.954        |
| <b>TOTAL CFR</b>        | <b>412.314</b> | <b>432.121</b> | <b>442.917</b> | <b>443.005</b> | <b>444.384</b> |

Table F2.1 would be amended as follows:

|  | 2020/21<br>Actual<br>£m | 2021/22<br>Forecast<br>£m | 2022/23<br>Forecast<br>£m | 2023/24<br>Forecast<br>£m | 2024/25<br>Forecast<br>£m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund CFR                         | 36.495                  | 52.109                    | 50.346                    | 44.615                    | 38.884                    |
| Now Housing CFR                          | 2.437                   | 11.548                    | 72.118                    | 84.151                    | 95.207                    |
| HRA CFR                                  | 245.587                 | 259.833                   | 289.850                   | 303.335                   | 308.826                   |
| <b>Total CFR</b>                         | <b>284.519</b>          | <b>323.490</b>            | <b>412.314</b>            | <b>432.121</b>            | <b>442.917</b>            |
| Less: Other debt liabilities             | (2.320)                 | (2.302)                   | (2.284)                   | (2.266)                   | (2.248)                   |
| <b>Loans CFR</b>                         | <b>282.199</b>          | <b>321.188</b>            | <b>410.030</b>            | <b>429.855</b>            | <b>440.669</b>            |
| Less: Existing borrowing                 | (236.399)               | (238.799)                 | (215.099)                 | (189.899)                 | (163.099)                 |
| <b>Under/(Over) borrowing</b>            | <b>45.800</b>           | <b>82.389</b>             | <b>194.931</b>            | <b>239.956</b>            | <b>277.570</b>            |
| Less: Usable reserves                    | (39.404)                | (29.304)                  | (23.175)                  | (21.547)                  | (21.606)                  |
| Less: Working capital                    | (22.868)                | (5.000)                   | (4.000)                   | (3.000)                   | (3.000)                   |
| New Borrowing (Cumulative)               | 0.000                   | (46.634)                  | (105.751)                 | (141.456)                 | (168.227)                 |
| New Borrowing (cumulative - Now Housing) | 0.000                   | (11.548)                  | (72.118)                  | (84.151)                  | (95.207)                  |
| <b>Investments</b>                       | <b>16.472</b>           | <b>10.097</b>             | <b>10.113</b>             | <b>10.198</b>             | <b>10.470</b>             |

Both the operational and authorised borrowing boundaries would not require amendment, unless the sites were disposed of on the open market.