

# **Uttlesford District Council**

## **Medium Term Financial Strategy**

### **2022 – 2027**



**Prepared by:**  
**Finance**  
**Uttlesford District Council**  
**February 2022**



## **The Medium Term Financial Strategy (MTFS)**

1. The MTFS sets out how the Council plans to manage its finances over the next five years, aligning our resources closely to the priorities set out in the Council's Corporate Plan and its commitment to providing services that meet the needs of people locally. A key part of the strategy is to highlight the budget issues that will need to be addressed over the coming financial years.

## **The Prudential Code – 2021 and Minimum Revenue Provision (MRP)**

2. The Government and CIPFA have had concerns on the level of commercial investments entered into by Local Authorities and these concerns have in part led to a 2021 revision to '*The CIPFA Prudential Code for Capital Finance in Local Authorities (the Code)*'.
3. The Code is guidance which underpins the process of financing capital expenditure. The Code states that whilst it is only guidance Local Authorities are required by regulation to have regard to it at all times.
4. In 2020/21 CIPFA launched a consultation on the proposed changes to the Code, the changes focused on the following areas;
  - a local authority's capital expenditure and investment plans are affordable and proportionate
  - all external borrowing and other long-term liabilities are within prudent and sustainable levels
  - the risks associated with investments for commercial purposes are proportionate to their financial capacity, and
  - treasury management decisions are taken in accordance with good professional practice.
5. The Code states that an authority must not borrow to invest for the primary purpose of financial return and must pay regard to the statutory guidance on minimum revenue provision. This provision is a direct revenue charge at a percentage of the amount of capital financing outstanding, to minimise financial risk and ensure adequate funds are held to offset debt.
6. The two factors above have meant that the Council has reviewed its Commercial Strategy, and although the Code states that any new requirements do not have to be adopted until 2023/24, the Council has elected to apply them from 2022/23. The main reason for doing this is that by delaying the implementation for a year the asset life has reduced and therefore the MRP will be applied over a shorter time period resulting in an increased annual revenue charge.
7. Further details on the changes to the Commercial Strategy can be found in Appendix B. The main aims of the Commercial Strategy are;
  - a. There will be no new commercial investments
  - b. Subject to (d) and (e) below, The portfolio, as set out in this document is therefore complete. Of the £300 million allocated in 2020 to building the fund, £275,565,000 (£275 million) has been used
  - c. MRP will be applied on an accruals basis over the life of each asset
  - d. As the Council already owns, through Aspire (CRP) Ltd, the land at Chesterford Research Park it will continue to develop the asset to maximise its value
  - e. As the Council already owns 46% of Stane Retail Park, which includes all of the public car parking, link roads and other shared elements for the entire site, it will evaluate the option of acquiring the rest of the asset to maximise the value of the

already owned part. This would be done on the basis that the sum of the whole is worth more than the sum of the constituent parts

- f. The portfolio will be reviewed on a regular basis to determine the requirements of the Council and the appropriateness of retaining or selling each asset
- g. The Council will look to maintain the commercial asset portfolio at an investment level of no more than £275 million. However, it should be noted that investments may need to take place ahead of sales which could temporarily increase that number.

### **Financial Settlement – 2022/23**

8. The Medium Term Financial Strategy was prepared based on the provisional settlement announced on the 16 December 2021. The final settlement is due to be confirmed in early February, it is not expected that there will be any changes to the levels of funding announced in the provisional settlement. Any amendments will be reflected in the MTFS prior to presentation for approval at Council.
9. The Government were due to announce a three year settlement to provide Local Authorities with the ability to plan ahead. But due to other pressures on the Government a further one year settlement was announced.
10. The one year settlement meant that any funding reviews and business rates reforms were delayed for a further year. Although this did mean that the current funding streams continued; New Homes Bonus (NHB), Rural Services Delivery Grant (RSDG) and a second year award of the new Lower Tier Services Grant (LTSG).
11. The impact of the one year settlement and the subsequent deferral of the funding reviews and reforms for Business Rates meant that the expected negative financial implications for the Council have also been delayed by one year.
12. The key items of the Financial Settlement announced were:
  - Local Government as a whole, have received a 6.9% increase in Core Spending Power, although this is reliant on maximising Council Tax increases
  - Council Tax threshold allowable increases of up to 1.99% or £5, anything over this amount would be subject to a local referendum
  - The Lower Tier Services Grant will continue for a second year, this is to provide 'stability' to Local Authorities and to ensure that no council would receive less funding than in the prior year
  - New Homes Bonus has been extended by a further year (in line with the delay in funding reviews and business rates reforms), similar to last year this will attract no legacy payments. The legacy payments in line with the original scheme will remain, with 2022/23 being the final payment and the baseline was maintained at 0.4%.
  - Rural Services Delivery Grant has remained at the same level
  - Business Rates multipliers were frozen for a second year, the Council will receive compensating funding for the loss of the additional income

### **Fair Funding (FFR) and Business Rates Reform (BRR)**

13. The Fair Funding Review (FFR) will affect how funding is allocated and redistributed between local authorities and has been delayed for a number of years. It is now expected to be implemented as part of the next Spending Review in autumn 2022. Whether this will be the full review as set out in the initial consultations or just certain elements, is an unknown at this time.

14. The basis of the FFR is to provide a simpler and more transparent formula with a fairer allocation of funds based on spending need. It is viewed that a flatter formula will benefit rural district councils, although there is also a lot of focus in the review to address the issues faced by the upper tier authorities and unitaries.
15. In addition, there has been a long running plan to reform business rates, and this is expected to include a full baseline reset, again this has been delayed for a number of years. This will mean that all the growth prior to the preceding year of the reset that has been generated since the introduction of the BRR scheme in 2013 will be incorporated into our baseline funding level calculation. The Council currently retains 50% of growth above our baseline funding level, so the loss of the growth will have a direct cost impact on the Council.
16. It is not expected that the NHB scheme will continue once the reforms are introduced but any remaining legacy payments due will be received. In the 2021/22 settlement the Secretary of State announced the Government's intention to consult on the future of a housing incentive scheme to replace the NHB grant. This will include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes needed in their area. The scheme rewards are also likely to be aligned with other measures around planning performance, such as having an adopted Local Plan. It should be noted that there were no updates on the future of NHB or the alternative scheme in the 2021 spending review.
17. Pixel Financial Management are the Council's external financial consultants, and they have close links with CIPFA and central government departments. This enables them to have early indications of changes to funding and are participating members on a number of Government consultation groups. They provide the Council with an in depth analyse of the settlement, any proposed changes plus updates and guidance relating to consultations that impact on our future funding.
18. Pixel provided a briefing paper on the settlement and their views on future funding and an extract of this is copied below.

*'The Government announcement is for a one-year settlement in 2022-23. There are no projected or indicative numbers for the remainder of the spending review period (2023-24 and 2024-25). More fundamental changes in local government funding have been clearly signalled for 2023-24.*

*The settlement itself is relatively good for local government – certainly compared to the settlements the sector received before 2020-21. Core Spending Power is increasing by £3.5bn (6.9%, cash), well above inflation, for now at least. An increase of £2.1bn in grant funding within Core Spending Power in 2022-23 means that there is less reliance on council tax increases (£1.4bn) than in previous settlements.*

*Local government received £1.5bn in additional funding in Spending Review 2021. Only around 40% of this funding increase has been allocated to social care, a smaller share than we had expected.*

*The remainder of the £1.5bn has largely been allocated through the new 2022-23 Services Grant (£822m). This is an SFA increase by another name, which is received by every authority, including those with "negative RSG".*

*The changes in grants introduced in the 2021-22 settlement have largely persisted into this settlement. Lower Tier Services Grant continues at £111m (with a slightly smaller cash floor payment to support those with reductions in Core Spending Power). Rural Services Delivery Grant remains at £85m. And New Homes Bonus lives to fight another day. There will be a further one-off payment, in addition to the final legacy payment. Surely 2022-23 will be its final year.*

*More fundamental changes in the distribution of funding could be implemented as early as 2023-24. Work will start "in the coming months" to work out "with the sector" how to update funding distribution and "challenges and opportunities facing the sector". These changes in funding could be*

*significant and will make forecasting for 2023-24 and beyond very difficult. Some or all of the Fair Funding Review could be resurrected, and a business rates baseline reset seems likely. Damping or transitional support should help to soften losses in funding.'*

### **Covid-19 Pandemic**

19. The Covid-19 pandemic has impacted on a number of the Council's functions, including service delivery and the way our residents interact with us.
20. The national lockdowns and tier restrictions during 2020 and 2021 have impacted mainly on the high street and the hardest hit have been the retail, leisure and hospitality sectors. The effects of these restrictions and the further recent issues of the new variant, Omicron, means that many businesses are still struggling financially.
21. Government put into place a significant level of financial support for businesses, including extending the retail relief and providing direct grants. Further Grant funding has been made available in January 2022.
22. The Council expected a high level of lost income due to the pandemic, but the recovery in some areas has been positive, planning applications increased and the income streams for this meant original budget expectations were exceeded. The two areas that have suffered significant unrecoverable losses are Car Parking and Trade Waste.
23. It is hoped that when the new financial year begins in April 2022 there will be a period of relative stability around Covid-19 following the enhanced vaccination programme, enabling businesses and the local economy to recover further.
24. It is expected that businesses will need to look at alternative business plans as they prepare for a 'new normal' where people's shopping and working patterns are significantly different from the pre-pandemic position.

### **The Corporate Plan**

25. The Corporate Plan sets out the Council's priorities and is a key document in establishing the annual budget and medium-term financial strategy.
26. The Corporate Plan has four key themes which are set out below, the key activities identified to deliver the four themes are detailed in the Corporate Plan Delivery Plan (CPDP). The 2022 – 2027 Corporate Plan is included in tonight's agenda, once adopted the 2022/23 CPDP will be formulated for approval at Cabinet in March 2022. The existing Corporate Plan and CPDP can be viewed using the following link.

<https://www.uttlesford.gov.uk/corporate-plan>

## The Corporate Plan 2022 - 2027

<b><u>Putting residents first</u></b> <i>We will: be a council that listens and acts for residents; delivers outstanding levels of transparency and accountability; be responsible with residents' money and mitigate the impact of government cuts</i>	<b><u>Active place-maker for our towns and villages</u></b> <i>We will: masterplan new communities for and with residents; support neighbourhood planning; work with the airport on issues of concern to communities; support employment and retail areas; deliver more affordable homes; promote healthy lifestyles</i>
<b><u>Progressive custodian of our rural environment</u></b> <i>We will: take action on climate change; conserve our natural resources; protect and enhance our rural character and heritage; take strong action on dealing with pollution</i>	<b><u>Champion for our district</u></b> <i>We will: improve Uttlesford's connectivity; support our students, schools and libraries; work with partners to keep the district safe; work to create a better local health service for residents</i>

## The Local Plan

27. A Local Plan is a document which sets out planning policies and proposals for new development. The Government requires local authorities to review their Local Plans every five years and have an up to date Plan. Once the Local Plan is adopted it will be used to determine planning applications. The plan will allocate sites in the most sustainable locations within the District, which will alleviate speculative development by developers in unsustainable locations and help the Council in planning long-term for major infrastructure and cohesion with existing settlements.
28. The Local Plan will also include new policies that will shape development to maximise environmental benefits and ensure the provision of necessary transport links, this cannot currently be achieved with speculative development. Policies will also determine the size and tenure of homes in order to meet local needs, to address the cause and impact of climate change, improvement of biodiversity and to protect the majority of our countryside. It will create policies that support new and growth of businesses so that people can work locally with a reduced emphasis on commuting and the need for car usage. This will also inform utilities and infrastructure providers to make sure the timing of delivery is in line with development growth in the right locations.
29. The Government requires all local authorities to produce a long-term plan in order to meet the needs for the future. If we do not have a Local Plan development will still take place. However, we will not have policies to decide where growth goes or policies to protect our environment also, we will not be able to provide other providers such as Essex County Council where things such as schools and highway improvements need to go in sufficient time to be included in their five year plan. If we do not have a Local Plan in place the Council are at risk of 'special measures' by the Government which would take the ability away from elected Members of making local decisions for local people.

## Planning Designation

30. The Government wrote to the Council on the 7 February 2022 advising that they are exercising powers under the Town and Country Planning Act [1990 – Section 62A] to 'designate' the Council in regard to the consideration of major planning applications. The consequence of designation is that applications for major development can be made directly to the Planning Inspectorate, although applicants will have the option of continuing to apply to the Council in the usual way.

The Council has taken the view that 50% of Major applicants are likely to opt for the alternative decision route and this equates to £560,000 based on 2021/22 income figures. This sum has been removed from the Planning service fee income line.

As part of the Designation Notice the Council must provide an improvement plan, which the Council already has from the 2021 review undertaken by EELGA. However, the lost income formed a key element in funding the changes that need to be made and Officers have commenced discussions with DLUHC around financial support whilst the Designation Notice is in place. In addition to the request to DLUHC the Council will put in place enhanced budgetary controls, such as vacancy management, to minimise the final level of Reserve drawdown that is required.

With the reduction in the number of Major applications submitted to the Council there will be some officer spare capacity which will be used to fast track the improvement plan to ensure the Designation Notice is rescinded as soon as possible. Whilst it is hoped, through working closely with DLUHC, that the Designation Notice will only be in place for 12 months a prudent approach has been applied to the MTFS and a similar sum (£560,000) has been removed from the Planning fee income expectations for 2023/24.

### The 5 Year Budget Model

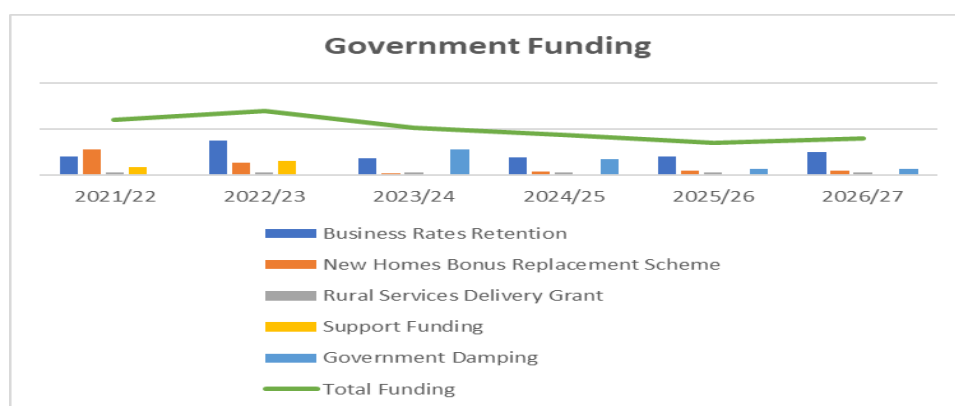
31. The Council is reliant on the following sources of funding for 2022/23:

- Council Tax
- Business Rates Retention Income
- New Homes Bonus – one year only + final year of legacy payment
- Lower Tier Services Grant
- Rural Services Delivery Grant
- Investment income
- Fees and charges

32. The funding lines in the MTFS in 2022/23 are actual figures based on the financial settlement, from 2023/24 the following assumptions have been applied:

- Business Rates baseline being reset and the overall Government funding package updated using a reformed methodology for distribution.
- An estimate of what the New Homes Bonus replacement scheme will generate based on our current housing growth and level of planning performance
- An annual increase in Council Tax of 1.99% to the Band D equivalent and a taxbase growth of 0.86% annually.

33. The graph below demonstrates how our funding is changing over the life of the strategy, and a more detailed explanation is included under the Budget Model section later in the report.



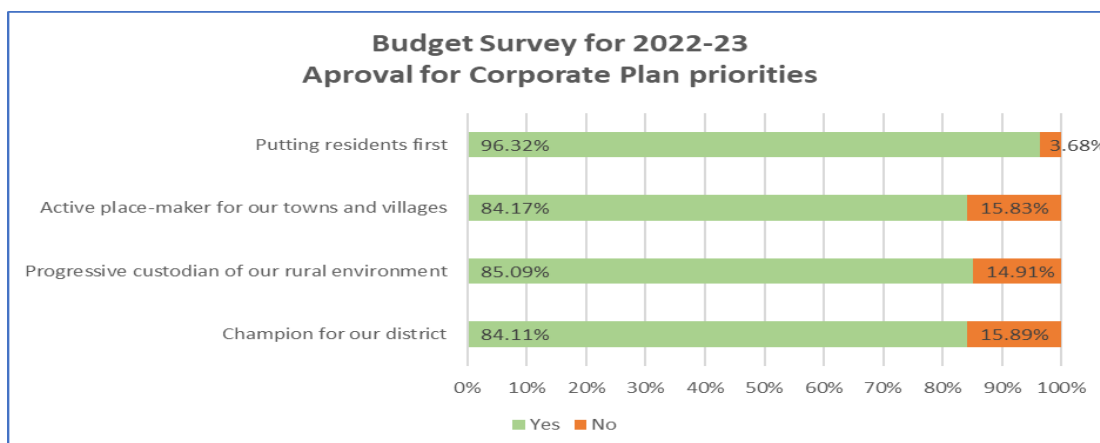


- Business Rates Retention – these figures exclude any surplus or deficit from prior years, so only shows the actual funding received in year. The increase in funding in 2025/26 and 2026/27 relates to new growth which comes with additional reward. It is however likely that a future reset in 2027/28 would see that additional funding removed.
- New Homes Bonus Replacement Scheme – 2022/23 represents the one year payment plus the final year legacy payment from the original scheme. Future years forecasts are an estimate of what a new scheme may look like
- Support funding – this is the Lower Tier Services Grant which is ‘top up’ funding for Local Authorities as part of the one year settlement, so will not continue after 2022/23.
- Rural Services Delivery Grant – this grant is specifically targeted at Local Authorities who deliver services in rural areas where there are additional costs due to the large geographical area.
- Government Damping – this is to provide transitional support whilst the funding reforms are implemented, these figures are extremely high risk as there are no indications on the methodology or level of transitional support the Council will receive. These have been calculated in direct consultation with Pixel.

### Budget Consultation 2022/23

34. A budget consultation was carried out for the period 30 September – 17 October 2021, asking Residents and Business for their views on the Council’s priorities for service delivery over the next financial year. The consultation was specifically aimed at the financial year 2022/23.
35. The MTFS will reflect the responses received across the 5 year plan as these are consistent with previous consultations that have been carried out, and it would be expected that these will remain as high priorities within the district.
36. The full report is attached to the General Fund Budget 2022/23 report at Annexe H6, a summary of the consultation responses has been set out below

*Q1. Are the four priorities for the new Corporate Plan “are the right ones” for 2022-2023.*



*Q2. Does the district council provide value for money?*

Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
28	55	38	26	17	3
16.80%	32.90%	22.80%	15.60%	10.20%	1.80%



Q3. Level of importance for both Statutory and Discretionary Services

Level of Importance	Statutory Services	Discretionary Services
Highest	Waste and Recycling	Maintaining local amenities (grass cutting/maintenance)
Second	Cleaner Neighbourhoods	Communicating with the Public
Third	Local Plan and planning applications	Community Safety
Lowest	Licensing	Ward Member Grants

**Budget Model**

37. To inform the financial outlook for the Council, a detailed budget model has been prepared, full details of the General Fund budget for 2022/23 are set out in Appendix H.

38. Direct Services estimated income and expenditure for the next 5 years is set out in the table below.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Gross Service Expenditure	36,853	37,481	38,031	38,797	39,664	40,497
Gross Service Income	(21,117)	(20,140)	(20,903)	(22,045)	(22,507)	(22,979)
Demand Growth			200	400	600	800
<b>Sub Total Net Service Expenditure</b>	<b>15,736</b>	<b>17,341</b>	<b>17,328</b>	<b>17,152</b>	<b>17,757</b>	<b>18,317</b>

39. The model includes the funds to deliver the Corporate Plan priorities, there are a number of priorities across all the four themes, and these include the Local Plan, Climate Change and the recovery of the local economy.

- Local Plan – A total budget of £6.83m was allocated in September 2020 for the start of the new Local Plan in 2020/21 with expected adoption in 2024/25. The spending profile is shown for each year in the table.

2020/21 £ '000	2021/22 £ '000	2022/23 £ '000	2023/24 £ '000	2024/25 £ '000	Total Spend
1,368	1,595	1,866	1,217	783	<b>6,829,840</b>

- Climate Change – A budget of £1m was allocated to the climate change programme, the profile of spend is split over a three year period, with the first year allocation in 2020/21 of £340,000 and further allocations of £330,000 for both 2021/22 and 2022/23.
- Economic Recovery – To support the recovery of the local economy a budget of £1m was allocated to Economic Development to enable initiatives and additional support to be offered to local businesses and residents. This was allocated over a three year period, with the first year allocation in 2020/21 of £340,000 and further allocations of £330,000 for both 2021/22 and 2022/23.

The following key inflationary assumptions are used in the model.

- a) Gross service expenditure and income: Takes the 2021/22 base budget as a starting point with any one-off in year items being removed. Inflation has been included at 4% for 2022/23, then reducing to 3% in 2023/24 and 2% ongoing, except where special arrangements apply e.g., car park charges and taxi licences. Utilities are in line with the current market forecasts.
  - b) Service demand growth – Due to growing population and housing numbers, it is prudent to assume greater demand for Council services such as refuse and recycling, revenues collection, etc.
40. The Council also incurs corporate expenditure and non-service related income that sits outside the direct service budgets, these are set out below.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Capital Financing Costs	3,626	1,771	1,645	1,384	1,341	3,926
IFRS 16 charge		80	80	80	80	80
Investment Asset - MRP		3,281	3,346	3,413	3,481	3,551
Investment Assets income	(6,928)	(11,774)	(12,036)	(12,710)	(12,782)	(13,315)
Treasury Investment Income	(23)	(7)	(7)	(8)	(8)	(9)
Treasury Investment Cost	1,814	2,835	4,930	4,823	4,698	4,572
PFI Interest cost	360	348	334	319	303	285
Pension Fund	85	85	335	335	335	335
Recharge to HRA/Corporate Core	(1,552)	(1,747)	(1,782)	(1,818)	(1,854)	(1,891)
<b>Corporate Costs</b>	<b>(2,618)</b>	<b>(5,130)</b>	<b>(3,156)</b>	<b>(4,182)</b>	<b>(4,407)</b>	<b>(2,467)</b>

- a) Capital Financing Costs are in line with the projected capital programme's financing requirements, set out in Appendix F. In previous years the capital programme has been financed using internal borrowing, which allows the cost to spread over a longer period. Internal borrowing increases our capital financing requirement (CFR), and this would then attract an additional MRP charge. In order to reduce any further impacts of MRP all capital expenditure will now be charged in the year of acquisition. The increase in costs in 2026/27 are due to the waste vehicle fleet coming to end of life and scheduled for replacement.
- b) IFRS 16 is a charge against leases held where no rent is paid (i.e., peppercorn rent leases) and is a new requirement.
- c) Investment Asset - MRP is the adoption of the requirement to charge an annual provision to reduce the outstanding borrowing against capital expenditure for the commercial investment assets. This has been applied on an annuity basis over the life of the asset.
- d) Investment Income is made up of the interest return on the loans made to Aspire (CRP) Ltd for the purchase and development of Chesterford Research Park and the rental income on the Council's direct commercial property investments. The investment income is net of any asset management fees, in line with accounting reporting standards.
- e) Investment costs are the cost of borrowing, primarily for the funding of the commercial assets. This is currently a mix of long term and short term borrowing with a large proportion of the borrowing being from other local authorities. The MTFS assumes the Council will

move to an increased level of longer term borrowing during 2022/23 which, whilst more expensive, reduces interest rate risk over the term.

- f) PFI Interest – this the Council's element of the cost of financing for the Leisure Centres
  - g) Pension Fund deficit payment – In 2020/21 a discounted triennial payment was made covering the years up to and including 2022/23. Thereafter the MTFS reverts to annual payments.
41. Recharges to HRA – based on the apportionment of the actual costs of central services and corporate support used by the Housing Revenue Account.
42. The funding the Council expects to receive is detailed below and includes one off grants and previous year deficits for Business Rates and Council Tax. Estimates for future years have been calculated based on the current information available; the indications Government has provided and in consultation with Pixel.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Budget	Budget	Forecast	Forecast	Forecast	Forecast
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Business Rates Retention	(2,064)	(3,775)	(1,868)	(1,934)	(2,032)	(2,560)
New Homes Bonus Replacement Scheme	(2,823)	(1,343)	(260)	(390)	(520)	(520)
Rural Services Delivery Grant	(293)	(293)	(293)	(293)	(293)	(293)
Support Funding	(890)	(1,552)				
Government Damping (high risk)			(2,775)	(1,797)	(680)	(680)
	<b>(6,069)</b>	<b>(6,962)</b>	<b>(5,196)</b>	<b>(4,414)</b>	<b>(3,525)</b>	<b>(4,053)</b>

- a) The Council currently retains 40% of Business Rates income collected and this is subject to a tariff which is variable and set annually to align the actual income collected to the baseline funding level. The funding level is calculated by the Department of Levelling Up Housing and Communities, based on the needs and resources of the Council. The figures in the table above is the net income of the Business Rates income after adjustments, tariffs, levies and any prior year surplus or deficit. The Business Rates income assumes a full reset in 2023/24, meaning all growth will be included in the baseline funding level. A prudent forecast has been included for future years until more information is released on exactly how this will be calculated.
- b) New Homes Bonus: The model shows the announced figure for 2022/23 and includes the final legacy payment from the original scheme. For future years an estimate has been included on what the possible replacement scheme will look like. It is expected the new scheme funding for Districts will be based on ensuring the 'right housing in the right areas' and be linked to the potential planning reform and planning performance.
- c) Support Funding - The Government has provided additional grants shown as part of the one year settlement totalling £1.552m, Lower Tier Services Grant which ensures that the Council is no worse off than in the previous year settlement and is transitional support whilst the reforms of the current funding methodology are implemented.
- d) Government Damping - To support the Council during the funding reforms (FFR and BRR) it is expected that Government will provide Local Authorities with a level of transitional funding referred to as 'Damping'. It is extremely difficult to predict how much this damping will be, and the figure will be dependent on a number of variables, including if and what a new 'New Homes Bonus' scheme will look like. The funding included is high risk, again this has been estimated in consultation with Pixel.

43. The MTFS has been prepared on the assumption that Council Tax will be increased by £5 in 2022/23, with future years based on increases of 1.99%, which is in line with Government guidance.
44. The Tax base assumptions are in line with current housing growth forecasts, an estimate of Local Council Tax Support discounts and predicted future collection rates. The following table provides an estimate of the Council Tax income over the life of the MTFS.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Tax Base (net of adjustments)	38,108.31	38,435.70	38,766.20	39,099.60	39,435.90	39,775.00
Band D Equivalent	(161.61)	(166.61)	(169.91)	(173.29)	(176.74)	(180.26)
<b>Council Tax Income</b>	<b>(6,158,684)</b>	<b>(6,403,772)</b>	<b>(6,586,765)</b>	<b>(6,775,570)</b>	<b>(6,969,901)</b>	<b>(7,169,842)</b>
Council Tax increases	£5.00	£5.00	1.99%	1.99%	1.99%	1.99%

45. After taking into account all the above expenditure, income, funding and net reserves drawdowns the Council has achieved a balanced budget for 2022/23; in future years the strategy shows a deficit position and by the final year the deficit is £5.686m.
46. The deficit is the cumulative effect of the change in the commercial investment strategy (as set out in Appendix B) and the requirement to apply a charge for MRP (discussed in the above section on the Prudential Code). The table below sets out a summary of the 5 year position.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Service Expenditure	15,736	17,341	17,328	17,152	17,757	18,317
Corporate Costs	(2,618)	(5,130)	(3,156)	(4,182)	(4,407)	(2,467)
<b>Net Service Expenditure</b>	<b>13,117</b>	<b>12,211</b>	<b>14,172</b>	<b>12,970</b>	<b>13,350</b>	<b>15,851</b>
Funding	(1,230)	(7,550)	(4,780)	(4,381)	(3,492)	(4,020)
Total Net Reserves (drawn)/addition	(5,729)	1,742	(337)	944	(59)	1,025
<b>Council Tax Requirement</b>	<b>6,159</b>	<b>6,404</b>	<b>9,056</b>	<b>9,533</b>	<b>9,800</b>	<b>12,856</b>
Council Tax Income	(6,159)	(6,404)	(6,587)	(6,776)	(6,970)	(7,170)
<b>(Surplus) / Deficit</b>			<b>2,469</b>	<b>2,757</b>	<b>2,830</b>	<b>5,686</b>

## Managing the Deficit

47. The Council has worked hard on generating additional income and has a strong and robust portfolio of commercial assets. If it had not invested in these assets the financial situation would have been much more difficult to manage and would have generated a significant budget deficit position a number of years ago.
48. The following table sets out the council's investments and shows the income generated from each asset. These are the gross income figures and do not include any fees or borrowing costs.

£'000	Capital Investment (exc. Fees)	Annual Rental Income				
		2022/23	2023/24	2024/25	2025/26	2026/27
<b><u>Completed Investments</u></b>						
Chesterford Research Park	60,596	2,449	2,449	2,449	2,449	2,449
Weston Homes	20,000	1,171	1,200	1,230	1,261	1,276
Veterinary Hospital	5,925	333	333	333	333	333
Stane Retail Park	30,424	1,784	1,830	1,878	1,927	1,977
Waitrose Retail Distribution Centre	55,000	2,508	2,508	2,508	2,508	2,508
Little Canfield Business Park	7,500	263	352	352	352	352
	<b>179,445</b>	<b>8,508</b>	<b>8,672</b>	<b>8,750</b>	<b>8,830</b>	<b>8,895</b>
<b><u>Future Committed Investments</u></b>						
Chesterford Research Park	12,620			603	603	603
Amazon Distribution Centre	43,000	2,280	2,280	2,280	2,280	2,585
Moog Circuits Ltd	40,500	1,520	1,667	1,667	1,667	1,835
	<b>96,120</b>	<b>3,800</b>	<b>3,947</b>	<b>4,550</b>	<b>4,550</b>	<b>5,023</b>
<b><u>Investment Total</u></b>	<b>275,565</b>	<b>12,308</b>	<b>12,619</b>	<b>13,300</b>	<b>13,380</b>	<b>13,918</b>

49. The overall impact of MRP on the net income generated by the commercial investments is shown in the table below.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Investment Assets income	(6,928)	(11,774)	(12,036)	(12,710)	(12,782)	(13,315)
Treasury Investment Cost	1,814	2,835	4,930	4,823	4,698	4,572
<b>Net Income</b>	<b>(5,114)</b>	<b>(8,939)</b>	<b>(7,106)</b>	<b>(7,887)</b>	<b>(8,084)</b>	<b>(8,743)</b>
Investment Asset - MRP		3,281	3,346	3,413	3,481	3,551
<b>Net Income after MRP</b>	<b>(5,114)</b>	<b>(5,658)</b>	<b>(3,760)</b>	<b>(4,473)</b>	<b>(4,603)</b>	<b>(5,192)</b>

## Uttlesford 2027

50. A project team has been established with the aim of addressing the deficit position whilst minimising the impact on service delivery. This project is known as Uttlesford 2027 and replaces Uttlesford Moving Forward. A number of future options are currently being considered, including selling a commercial asset and using the profit generated to fund Capital Financing Costs over the life of the MTFS. A summary of the impact of this action is shown below.

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Service Expenditure	15,736	17,341	17,328	17,152	17,757	18,317
Corporate Costs	(2,618)	(5,130)	(4,095)	(4,838)	(4,979)	(5,583)
<b>Net Service Expenditure</b>	<b>13,117</b>	<b>12,211</b>	<b>13,233</b>	<b>12,314</b>	<b>12,778</b>	<b>12,735</b>
Funding	(1,230)	(7,550)	(4,780)	(4,381)	(3,492)	(4,020)
Total Net Reserves (drawn)/addition	(5,729)	1,742	(337)	944	(59)	1,025
<b>Council Tax Requirement</b>	<b>6,159</b>	<b>6,404</b>	<b>8,117</b>	<b>8,877</b>	<b>9,228</b>	<b>9,740</b>
Council Tax Income	(6,159)	(6,404)	(6,587)	(6,776)	(6,970)	(7,170)
<b>(Surplus) / Deficit</b>			<b>1,530</b>	<b>2,101</b>	<b>2,258</b>	<b>2,570</b>

51. Therefore, the likely shortfall by 2026/27 ranges from £2.570 million based on the sale of an asset to £5.686 million without. There are a number of future costs on the horizon that also need to be financed including;
- Post adoption of the Local Plan there will be cost around implementing and reviewing the Plan. The Planning Reserves will have been fully allocated by the end of 2026/27
  - In 2031 the Leisure PFI ends, and the leisure facilities will return to the Council. At that point they will be aged and potentially in need of refurbishment as well as the Council needing to invest annually to either directly deliver or outsource future service delivery. Funding for this will need to be put in place
52. As a consequence, the Uttlesford 2027 project is targeted with delivering ongoing savings as set out below.

Savings/Efficiencies/Additional Income amount £	Month and Year to be finalised	For Budget setting
1,000,000	September 2022	February 2023
1,000,000	September 2023	February 2024
800,000	September 2024	February 2025
800,000	September 2025	February 2026

53. Due to the degree of estimation involved and the longer term projections referred to in the preceding paragraphs, it will be absolutely essential to maintain strong financial discipline around all aspects of the Council's costs and income. The Council must continue to ensure it is in a strong position to anticipate and adapt to funding outcomes that differ from those currently assumed.

## General Fund – 5 Year Summary

	2021/22 Budget £ '000	2022/23 Budget £ '000	2023/24 Forecast £ '000	2024/25 Forecast £ '000	2025/26 Forecast £ '000	2026/27 Forecast £ '000
Gross Service Expenditure	36,853	37,481	38,031	38,797	39,664	40,497
Gross Service Income	(21,117)	(20,140)	(20,903)	(22,045)	(22,507)	(22,979)
Demand Growth			200	400	600	800
<b>Sub Total Net Service Expenditure</b>	<b>15,736</b>	<b>17,341</b>	<b>17,328</b>	<b>17,152</b>	<b>17,757</b>	<b>18,317</b>
Capital Financing Costs	3,626	1,771	1,645	1,384	1,341	3,926
IFRS 16 charge		80	80	80	80	80
Investment Asset - MRP		3,281	3,346	3,413	3,481	3,551
Investment Assets income	(6,928)	(11,774)	(12,036)	(12,710)	(12,782)	(13,315)
Treasury Investment Income	(23)	(7)	(7)	(8)	(8)	(9)
Treasury Investment Cost	1,814	2,835	4,930	4,823	4,698	4,572
PFI Interest cost	360	348	334	319	303	285
Pension Fund - Deficit			250	250	250	250
Pension Fund - Added Years	85	85	85	85	85	85
Recharge to HRA/Corporate Core	(1,552)	(1,747)	(1,782)	(1,818)	(1,854)	(1,891)
<b>Corporate Costs</b>	<b>(2,618)</b>	<b>(5,130)</b>	<b>(3,156)</b>	<b>(4,182)</b>	<b>(4,407)</b>	<b>(2,467)</b>
<b>Total Net Expenditure</b>	<b>13,117</b>	<b>12,211</b>	<b>14,172</b>	<b>12,970</b>	<b>13,350</b>	<b>15,851</b>
Council Tax - prior year Balance	55	34	34	34	34	34
Council Tax - S31 Funding		(28)				
Business Rates prior year Balance	4,785	(593)	383			
Business Rates Retention	(2,064)	(3,775)	(1,868)	(1,934)	(2,032)	(2,560)
NHB Replacement Scheme	(2,823)	(1,343)	(260)	(390)	(520)	(520)
Rural Services Delivery Grant	(293)	(293)	(293)	(293)	(293)	(293)
Support Funding	(890)	(1,552)				
Government Damping <i>high risk</i>			(2,775)	(1,797)	(680)	(680)
<b>Funding</b>	<b>(1,230)</b>	<b>(7,550)</b>	<b>(4,780)</b>	<b>(4,381)</b>	<b>(3,492)</b>	<b>(4,020)</b>
<b>Total Net Operating Costs</b>	<b>11,888</b>	<b>4,662</b>	<b>9,392</b>	<b>8,589</b>	<b>9,858</b>	<b>11,831</b>
Business Rates Reserve	(6,123)	771	(383)			
Ringfenced Reserves (exc. BRR)	(24)	207				
Other Reserves	419	763	47	944	(59)	1,025
<b>Total Net Reserves (drawn)/addition</b>	<b>(5,729)</b>	<b>1,742</b>	<b>(337)</b>	<b>944</b>	<b>(59)</b>	<b>1,025</b>
<b>Council Tax Requirement</b>	<b>6,159</b>	<b>6,404</b>	<b>9,056</b>	<b>9,533</b>	<b>9,800</b>	<b>12,856</b>
Council Tax Income	(6,159)	(6,404)	(6,587)	(6,776)	(6,970)	(7,170)
<b>(Surplus) / Deficit</b>			<b>2,469</b>	<b>2,757</b>	<b>2,830</b>	<b>5,686</b>



## General Fund Reserves – 5 year summary

54. Total General Fund reserves during this five year model are estimated to increase by £4.315m from the predicted balance of £19.089m to £23.404m. The main reason for the increase is due to the additional funds being set aside for the commercial assets.

55. The Council previously held a large number of individual reserves, during the budget process these have been reviewed and a new reserves structure has been put in place which is shown in the reserves table below. This has not changed the level of reserves previously held it is only a change to how they are categorised and presented.

£000	2021/22 Q2 position				2022/23				2023/24			2024/25			2025/26			2026/27		
	Balance at 1 April 2021	Transfer from General Fund	Transfer To General Fund	Estimated at 31 March 2022	Transfer from General Fund	Transfer To General Fund	Reserve Transfers	Estimated at 31 March 2023	Transfer from General Fund	Transfer To General Fund	Estimated at 31 March 2024	Transfer from General Fund	Transfer To General Fund	Estimated at 31 March 2025	Transfer from General Fund	Transfer To General Fund	Estimated at 31 March 2026	Transfer from General Fund	Transfer To General Fund	Estimated at 31 March 2027
<b>Ringfenced Reserves</b>																				
Business Rates	7,634	1,844	(4,837)	4,641	771			5,412		(383)	5,029			5,029			5,029			5,029
Capital Slippage	1,483	204	(723)	964				964			964			964			964			964
Licensing	35	13		48		(5)		43			43			43			43			43
Leisure/Private Finance Initiative	307			307				307		(30)	277		(82)	196		(84)	112			112
Working Balance	1,438		(53)	1,385	212			1,597			1,597			1,597			1,597			1,597
<b>Total Ringfenced Reserves</b>	<b>10,897</b>	<b>2,061</b>	<b>(5,614)</b>	<b>7,344</b>	<b>984</b>	<b>(5)</b>	<b>0</b>	<b>8,323</b>	<b>0</b>	<b>(413)</b>	<b>7,910</b>	<b>0</b>	<b>(82)</b>	<b>7,829</b>	<b>0</b>	<b>(84)</b>	<b>7,745</b>	<b>0</b>	<b>0</b>	<b>7,745</b>
<b>Core Reserves</b>																				
Commercial Assets	1,060			1,060	2,200		740	4,000	1,000		5,000	1,000		6,000	1,000		7,000	1,000		8,000
Medium Term Financial Strategy	4,421	1,667	(776)	5,312	25	(387)	(740)	4,210		(100)	4,110	25		4,135	25		4,160	25		4,185
Strategic Initiatives	1,863		(200)	1,663				1,663			1,663			1,663			1,663			1,663
	7,344	1,667	(976)	8,035	2,225	(387)	0	9,873	1,000	(100)	10,773	1,025	0	11,798	1,025	0	12,823	1,025	0	13,848
<b>Member Priorities</b>																				
Economic Development	463	1,000	(340)	1,123		(330)		793		(330)	463			463			463			463
Planning	891	2	(100)	793		(15)	0	778		(15)	763			763			763			763
Sustainable Communities	1,781		(913)	868		(720)		149		(149)	0			0			0			0
Major Sports Facilities	150	150	(150)	150	150	(150)		150			150			150			150			150
Climate change	380	300	(340)	340	320	(330)		330		(330)	0			0			0			0
	3,665	1,452	(1,843)	3,274	470	(1,545)	0	2,199	0	(824)	1,376	0	0	1,376	0	0	1,376	0	0	1,376
<b>Grants</b>																				
Homelessness	404		(93)	311				311			311			311			311			311
Health & Wellbeing	131		(7)	124				124			124			124			124			124
	535	0	(100)	435	0	0	0	435	0	0	435	0	0	435	0	0	435	0	0	435
<b>Total Usable Reserves</b>	<b>11,544</b>	<b>3,119</b>	<b>(2,919)</b>	<b>11,744</b>	<b>2,695</b>	<b>(1,932)</b>	<b>0</b>	<b>12,507</b>	<b>1,000</b>	<b>(924)</b>	<b>12,584</b>	<b>1,025</b>	<b>0</b>	<b>13,609</b>	<b>1,025</b>	<b>0</b>	<b>14,634</b>	<b>1,025</b>	<b>0</b>	<b>15,659</b>
<b>Total Reserves</b>	<b>22,441</b>	<b>13,480</b>	<b>(19,984)</b>	<b>19,089</b>	<b>3,679</b>	<b>(1,937)</b>	<b>0</b>	<b>20,831</b>	<b>1,000</b>	<b>(1,337)</b>	<b>20,494</b>	<b>1,025</b>	<b>(82)</b>	<b>21,438</b>	<b>1,025</b>	<b>(84)</b>	<b>22,379</b>	<b>1,025</b>	<b>0</b>	<b>23,404</b>

56. The reserves are now shown under four key groups each of which have a defined purpose, and these are set out below.

Reserves	Purpose
<b>Ringfenced Reserves</b>	
Business Rates	<p>This reserve has a number of functions;</p> <ul style="list-style-type: none"> <li>• To support future year deficits, and protect the Council from any significant reductions due to the business rates reforms over and above the budgeted reductions</li> <li>• To manage the multi-year receipts of Section 31 grants</li> <li>• To support any one off deficit due to reduced collection rates</li> </ul>
Capital Slippage	<p>This is a holding reserve directly linked to the capital programme, where there is direct revenue financing of an item on the capital programme that has 'slipped' into the next financial year, the financing is held in this reserve to be released in the year of incurred expenditure. This ensures that the financing and expenditure are matched in the correct financial year.</p>
Licensing	<p>This reserve is held to match income and expenditure on Taxi licences. The licences are on a 3 and 5 year rolling programme and surpluses are held to match expenditure in future years.</p>
Leisure/Private Finance Initiative	<p>The reserve currently supports the programme of payments on the PFI contract, to ensure that there are no shortfalls at the end of the contract.</p> <p>The contract ends in 2031 and the Council will need to look at alternative delivery, this reserve will be reviewed to support future delivery plans.</p>
Working Balance	<p>There is a statutory requirement to hold a contingency reserve, this is calculated on a percentage of net income and expenditure. Further details of this are set out in The S25 Report – Robustness of Estimates and Adequacy of Reserves (Appendix A)</p>

Reserves	Purpose
<b>Core Reserves</b>	
Commercial Assets	<p>This reserve will support the following;</p> <ul style="list-style-type: none"> <li>any costs relating to the refurbishment and relet of the assets at end of lease.</li> <li>Loss of income due to tenant arrears</li> </ul>
Medium Term Financial Strategy	<p>The MTFS reserve will support a number of corporate objectives.</p> <ul style="list-style-type: none"> <li>To support any changes to the predicted financial position,</li> <li>To enable the delivery of the Uttlesford 2027 transformation project</li> <li>To provide funds to support 'Spend to Save' projects</li> </ul>
Strategic Initiatives	This Reserve is currently frozen
<b>Member Priorities</b>	
Economic Development	Following the Pandemic and the effects on the local economy and businesses, £1m has been allocated to spend over three years. An Economic Recovery Action Plan has been produced identifying initiatives to support businesses and the local High Street recover.
Planning	The reserve is held to support planning appeals and additional resource costs relating to the delivery of the Planning Service and the delivery of Neighbourhood plans.
Sustainable New Communities	<p>This reserve holds funds received from MHCLG (now DLUHC) to support the delivery of the local plan.</p> <p>The Local Plan budget is set for a period of 5 years and changes to the profiling of spend (annual under and overspends) are managed using this reserve.</p>
Major Sports Facilities	An annual allocation of £150k over a three year period (first year 2020/21) was put in place to offer financial support to the development of major sports facilities in the District.

Reserves	Purpose
Climate Change	The Council announced a Climate Change Emergency and have allocated £1m to be spend on specific climate change actions over a period of three years.
<b>Grants</b>	
Grants	<p>This reserve is to ensure that grants with specific spending criteria are separately identified and not included with the general revenue funds.</p> <p>There are currently two grants which are required to spend specifically on Homelessness and Health and Wellbeing.</p>

### General Fund Reserves movements

57. The following table sets out details of the individual transfers to/from reserves for each year of the MTFS.

Reserve Movements	Additions / (Drawndown) £'000				
	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Opening Balance</b>	<b>19,089</b>	<b>20,831</b>	<b>20,494</b>	<b>21,438</b>	<b>22,379</b>
<b><i>Ringfenced Reserves</i></b>					
Net of business rates balances and S31 grants to support reliefs fo businesses	771	(383)			
Working Balance (statutory contingency balance)	212				
Allocation of ringfenced PFI leisure funds		(30)	(82)	(84)	
<b><i>Core Reserves</i></b>					
Commercial Assets - to support loss of income and future refurbishments for relet	2,200	1,000	1,000	1,000	1,000
Local Highways panel and new burdens funding allocations to service delivery	(169)				
2022/23 Deficit	(214)				
<b><i>Member Priority</i></b>					
Year 2 and 3 of allocated funds to support economic recovery	(330)	(330)			
Year 3 of allocated funds to support Climate Change Programme		(330)			
Local Plan and Neighbourhood plans	(735)	(164)			
Elections - four year cycle of allocations	25	(100)	25	25	25
Other net minor movements	(18)				
<b>Net of movements</b>	<b>1,742</b>	<b>(337)</b>	<b>943</b>	<b>941</b>	<b>1,025</b>
<b>Closing Balance</b>	<b>20,831</b>	<b>20,494</b>	<b>21,438</b>	<b>22,379</b>	<b>23,404</b>

## Housing Revenue Account (HRA)

58. The HRA is the statutory “landlord” account for the authority. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the HRA balance.
59. Under the self-financing reform the Council was required to take out a loan to purchase the housing stock for £88.4m and the debt has been structured so that it is repaid in years 6 to 30 i.e. from 2017/18 to 2041/42, 2022/23 is the fifth year of the principal repayment. As expected, the repayment of the loan principal has impacted significantly on the business plan, HRA reserves and future year’s capital programme.
60. In October 2018 the Government announced that the HRA borrowing cap had been removed. The removal of the cap was welcomed as it took away one of the restrictions faced by local authorities looking to invest in their housing stock and build homes.
61. The Council utilises the entire existing retained one for one RTB receipts to invest in its development programme however there is a risk the HRA will not be able to build up enough receipts to fully finance 40% of the scheduled developments at the time of construction. If there is a short fall in retained receipts the HRA will have to borrow to fund 100% of the development until sufficient receipts have been received.
62. The decision to increase HRA borrowing is not just dependent on whether it is permitted; it also needs to be affordable. There is currently a balanced HRA business plan and therefore costs arising from additional borrowing would need to be funded either through additional income or a reduction in costs.
63. The Council has Homes England Investment Partner Status and will continue to work with Homes England to access grant for affordable housing schemes to deliver its development programme.
64. The Government policy of 1% rent reductions over 4 years, which ended in 2019/20, had a significant impact on income levels and limited the affordability of additional borrowing. Rental income increases for 2022/23 have been applied based on current government guidelines of CPI + 1%, which equates to a total increase of 4.9%. The Council’s Housing Revenue Account Business Plan fundamentally requires this level of increase to take place for it to remain viable.
65. Officers will continue to review the financing rules and options for additional borrowing to support the Council’s development of new homes and investment in its current stock. The Council is already committed to building homes for local people and since the introduction in 2012 of self-financing the Council has been able to build, redevelop and purchase 163 homes despite the previous borrowing cap.
66. A number of financial assumptions, including interest rates, rent setting, void rates, bad debt levels and repair costs have been used in the HRA Business Plan and revenue budget setting. These and other assumptions will be kept under review and monitored in 2022/23.
67. The continuing Covid Crisis may impact on HRA rent collection as tenants are faced with financial hardship and lockdown restrictions reduce the ability to collect monies owed. At this point it is impossible to quantify what impact the virus will have and a bad debt provision of £100,000 has been built into each of the next five years of the budget.
68. The following tables set out the predicted 5 year financial position for the HRA, the reserve balances and proposed use of these reserves.

## Housing Revenue Account – 5 year Summary

£'000	2021/22 Original Budget	2022/23 Original Budget	2023/24 Original Budget	2024/25 Original Budget	2025/26 Original Budget	2026/27 Original Budget
<b>Housing Revenue Income</b>						
Dwelling Rents	(14,875)	(15,553)	(15,818)	(16,086)	(16,360)	(16,638)
Garage Rents	(233)	(225)	(230)	(236)	(242)	(248)
Other Rents etc	(1)	(1)	(1)	(1)	(1)	(1)
Charges for Services & Facilities	(1,061)	(986)	(1,011)	(1,036)	(1,062)	(1,089)
Contributions towards Expenditure	0	(66)	(68)	(69)	(71)	(73)
<b>TOTAL INCOME</b>	<b>(16,170)</b>	<b>(16,832)</b>	<b>(17,128)</b>	<b>(17,430)</b>	<b>(17,737)</b>	<b>(18,049)</b>
<b>Housing Finance &amp; Business Management</b>						
Rents, Rates & Other Property Charges	80	78	80	82	84	86
	80	78	80	82	84	86
<b>Housing Maintenance &amp; Repairs Service</b>						
Common Service Flats	224	256	262	269	276	283
Estate Maintenance	2	2	2	2	2	2
Housing Repairs	0	0	0	0	0	0
Housing Sewerage	13	16	16	17	17	18
Newport Depot	0	5	5	5	5	5
Property Services	49	49	51	52	53	55
Uttlesford Norse Ltd	3,370	3,743	3,836	3,932	4,031	4,131
	3,659	4,070	4,172	4,277	4,383	4,493
<b>Housing Management &amp; Homelessness</b>						
Housing Services	536	516	529	542	556	569
Sheltered Housing Services	546	461	473	485	497	509
	1,082	977	1,002	1,027	1,053	1,079
<b>Total Service Expenditure</b>	<b>4,821</b>	<b>5,126</b>	<b>5,254</b>	<b>5,385</b>	<b>5,520</b>	<b>5,658</b>
<b>Other Costs</b>						
Bad Debt Provision	100	100	100	100	100	100
Depreciation - Dwellings (to MRR)	4,230	3,935	3,935	3,935	3,935	3,935
Depreciation - Non- Dwellings (to MRR)	51	22	22	22	22	22
Interest/Costs re HRA Loan	2,601	2,570	2,570	2,519	2,438	2,353
Investment Income	(2)	(10)	0	0	0	0
Pension Costs - Added Years	0	0	0	0	0	0
Pension Deficit - Triennial payment	0	0	126	126	126	126
Recharge from General Fund	1,167	1,387	1,387	1,387	1,387	1,387
HRA Share of Corporate Core	386	360	360	360	360	360
Right to Buy Admin Allowance	(10)	(10)	(10)	(10)	(10)	(10)
<b>Total Non-Service Expenditure</b>	<b>8,524</b>	<b>8,354</b>	<b>8,490</b>	<b>8,439</b>	<b>8,358</b>	<b>8,273</b>
<b>TOTAL EXPENDITURE</b>	<b>13,344</b>	<b>13,480</b>	<b>13,744</b>	<b>13,824</b>	<b>13,878</b>	<b>13,931</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>(2,826)</b>	<b>(3,352)</b>	<b>(3,384)</b>	<b>(3,606)</b>	<b>(3,859)</b>	<b>(4,118)</b>
Funding from Capital Receipt Reserve for HRA Loan	0	0	0	0	0	0
Minimum Revenue Provision - Repayment of HRA Loan	2,000	0	0	0	0	0
<b>Funding of Capital Programme from HRA</b>						
Capital Schemes Funded from Revenue	650	3,590	3,890	1,250	1,250	1,250
	650	3,590	3,890	1,250	1,250	1,250
<b>Transfers to/(from) Reserves</b>						
Capital Projects	216	(270)	(520)	2,400	2,600	2,859
Change Management Reserve	0	0	0	0	0	0
Potential Developments	0	0	0	0	0	0
HRA Slippage Reserve	0	0	0	0	0	0
HRA Slippage Reserve	0	0	0	0	0	0
Sheltered Housing Reserve	0	0	0	0	0	0
Transformation Reserve	0	0	0	0	0	0
Working Balance	(40)	32	14	(44)	9	9
	176	(238)	(506)	2,356	2,609	2,868
<b>(SURPLUS)/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Housing Revenue Reserves – 5 year Summary

Reserve £'000	2021/22 Q2 Forecast				2022/23			2023/24			2024/25			2025/26			2026/27		
	Actual Balance 1st April 2021	Transfer from HRA	Transfer to HRA	Estimate d Balance 31st March 2022	Transfer from HRA	Transfer to HRA	Balance 31st March 2023	Transfer from HRA	Transfer to HRA	Balance 31st March 2024	Transfer from HRA	Transfer to HRA	Balance 31st March 2025	Transfer from HRA	Transfer to HRA	Balance 31st March 2026	Transfer from HRA	Transfer to HRA	Balance 31st March 2027
<b><u>RINGFENCED RESERVES</u></b>																			
Working Balance	471	43		514	32		546	14		560		(44)	516	9		525	9		534
<b>TOTAL RINGFENCED RESERVES</b>	<b>471</b>	<b>43</b>	<b>0</b>	<b>514</b>	<b>32</b>	<b>0</b>	<b>546</b>	<b>14</b>	<b>0</b>	<b>560</b>	<b>0</b>	<b>(44)</b>	<b>516</b>	<b>9</b>	<b>0</b>	<b>525</b>	<b>9</b>	<b>0</b>	<b>534</b>
<b><u>USABLE RESERVES</u></b>																			
Revenue Reserves	180		0	180			180			180			180			180			180
Revenue Projects	60		0	60			60			60			60			60			60
Transformation Reserve				0			0			0			0			0			0
	240	0	0	240	0	0	240	0	0	240	0	0	240	0	0	240	0	0	240
<b><u>Capital Reserves</u></b>																			
Capital Projects	910	216	(249)	877		(270)	607	(0)		607	(0)		607	(0)	2,600	3,207	(0)	2,859	6,065
Potential Projects Reserve	110			110			110			110			110			110			110
Sheltered Housing Projects Reserve				0			0			0			0			0			0
HRA Slippage Reserve	2,650	370	(2,585)	435		(435)	0			0			0			0			0
	3,670	586	(2,834)	1,422	0	(705)	717	(0)	0	717	(0)	0	717	(0)	2,600	3,317	(0)	2,859	6,175
<b>TOTAL USABLE RESERVES</b>	<b>3,910</b>	<b>586</b>	<b>(2,834)</b>	<b>1,662</b>	<b>0</b>	<b>(705)</b>	<b>957</b>	<b>(0)</b>	<b>0</b>	<b>957</b>	<b>(0)</b>	<b>0</b>	<b>957</b>	<b>(0)</b>	<b>2,600</b>	<b>3,557</b>	<b>(0)</b>	<b>2,859</b>	<b>6,415</b>
<b>TOTAL RESERVES</b>	<b>4,381</b>	<b>629</b>	<b>(2,834)</b>	<b>2,176</b>	<b>32</b>	<b>(705)</b>	<b>1,503</b>	<b>14</b>	<b>0</b>	<b>1,517</b>	<b>(0)</b>	<b>(44)</b>	<b>1,473</b>	<b>9</b>	<b>2,600</b>	<b>4,082</b>	<b>9</b>	<b>2,859</b>	<b>6,949</b>
<b><u>OTHER RESERVES</u></b>																			
Capital Receipt Reserve	2,186	1,600	(1,674)	2,112	1,600	(1,227)	2,485	1,600	(1,227)	2,858	1,600	(1,227)	3,231	1,600	(1,227)	3,604	1,600	(1,227)	3,977
Major Repairs Reserve	215	4,281	(3,929)	567	3,957	(3,545)	979	3,957	3,957	8,893	3,957	3,957	16,807	3,957	3,957	24,721	3,957	3,957	32,635
<b>TOTAL OTHER</b>	<b>2,401</b>	<b>5,881</b>	<b>(5,603)</b>	<b>2,679</b>	<b>5,557</b>	<b>(4,772)</b>	<b>3,464</b>	<b>5,557</b>	<b>2,730</b>	<b>11,751</b>	<b>5,557</b>	<b>2,730</b>	<b>20,038</b>	<b>5,557</b>	<b>2,730</b>	<b>28,325</b>	<b>5,557</b>	<b>2,730</b>	<b>36,612</b>