

CABINET

**COUNCILLOR PAUL TAYLOR
CORPORATE SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN2304**

07 FEBRUARY 2023

KEY DECISION: ~~YES~~/NO

REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX LEVEL

SUMMARY AND RECOMMENDATIONS:

This report contains recommendations for the budget, Council Tax Requirement, and proposals for budget savings for 2023/24. The report includes:

Appendix 1: Medium Term Financial Strategy

Appendix 2: List of Savings and Transformation items for inclusion in the budget

Appendix 3: Capital Programme

Appendix 4: Strategy for the Flexible Use of Capital Receipts

Cabinet are requested to consider and approve for recommendation to Council:

- i) the Medium-Term Financial Strategy set out in Appendix 1
- ii) the Savings and Transformation items for inclusion in the budget, set out in Appendix 2
- iii) the Council Tax Requirement of £7,448,100 for this Council
- iv) the Council Tax level for Rushmoor Borough Council's purposes of £225.98 for a Band D property in 2023/24 (an increase of £6.56)
- v) the Capital Programme, set out in Appendix 3
- vi) the Strategy for the Flexible use of Capital Receipts set out in Appendix 4
- vii) the balances and reserves position including proposed reserve transfers for 2023/24 as set out in Section 5 of the report

Cabinet is recommended to approve delegation to the Council's Section 151 officer, in consultation with the Leader of the Council and the Portfolio Holder for Corporate Services:

- i) for any changes to the General Fund Summary stemming from the Local Government Finance Settlement, the Business Rates Retention Scheme estimates and any other final amendments

1. INTRODUCTION

- 1.1 This report sets out the key factors taken into account in preparing the budget plans for Rushmoor Borough Council for 2023/24.

2. BACKGROUND

- 2.1 Cabinet approved the budget framework set out in the Budget Strategy 2023/24 report on 15 November 2022 ([FIN2234](#)).

- 2.2 The budget and MTFs have been prepared in the context of ongoing pressure on the Council's finances. The residual impact from Covid-19, the war in Ukraine, restrictions on the supply chain (particularly from China), the ongoing reset of the UK economy following Brexit, all contributing to the high inflation and the cost-of-living crisis means the economic context is subject to considerable uncertainty. The continuation of constraints in government funding (both in terms of the level of funding and duration) adds to this uncertainty which restricts the Council's ability to financially plan for the medium to long term.

Local Government Finance Settlement 2023/24

- 2.3 The provisional settlement for 2023/24 was announced on 19 December 2022 preceded by a Local government finance policy statement 2023-24 to 2024-25, on 12 December which attempted to provide some policy context for the two years. The settlement was better than had been feared as Government tried to reflect the additional costs due to high inflation and smooth some of the impact of high levels of Government borrowing during the pandemic. Significant changes to local government finance have been delayed for at least two years with the Government indicating that the funding pot will only be increasing by 1% from 2025/26, potentially placing local authorities under additional pressure as they attempt to maintain services to local people.
- 2.4 The government's consultation on the settlement closed on 16 January 2023 with the final settlement due to be confirmed shortly. This report has been prepared based on figures contained within the provisional local government finance settlement and are not expected to change.
- 2.5 The provisional settlement provided the total funding expectations for local government outlined in the Budget and Spending Review 2021, however, the redistribution of business rates and reform of social care were deferred until 2025.
- Confirmation of the Council Tax referendum principle of 3% or £5 (whichever is higher) for shire districts and boroughs
 - New Homes Bonus scheme continues for a further year, but at a lower level of funding
 - Rural Services Delivery Grant maintained
 - Increased Social Care Funding
 - Lower Tier Services Grant was removed
 - The Services Grant allocations to provide additional funding for all tiers of local government was continued, but at a lower level of funding
 - Continuation of the approach to eliminating negative RSG and an uprating of the Settlement Funding Assessment (SFA)

- Some grants related to Council Tax Support have been rolled into the Revenue Support Grant
- A 3% increase of Core Spending Power, minimum funding guarantee
- Business Rates revaluation was implemented., however the Business Rates Multiplier was frozen at 49.9p for the third year.
- The Business Rates reset has been deferred to, at least 2025/26.

2.6 The MTFFS continues to provide a risk-based General Fund balance of £2m being the minimum expected level for total working balances.

3. 2022/23 BUDGET Monitoring

Revenue Budget

3.1 Forecast overspend on service expenditure is £0.692m in 2022/23, which is indicative of the pressures caused by the high level of inflation experienced during 2022, particularly energy costs and the higher-than-expected national pay award. The Council is mitigating some of the overspend by a reduction in the contribution to reserves for pension contribution risk £0.500m, due to the outcome of the triennial review of the Pension Fund removing that risk. Any residual overspend will be covered by earmarked reserves set aside to manage risk of this nature.

3.2 Because the overspend is a permanent increase in cost, the inflation figure on £2.197m in 2023/24 MTFFS includes both the additional inflation experienced in 2022/23 and the expected increases in 2023/24.

3.3 A full analysis of actual under and overspends will be part of the 2022/23 outturn report to Cabinet in July 2023.

Capital Budget

3.4 The revised Capital Budget was £41.326m, with current forecast that actual spend will be 25.487m. The main reasons for the underspend are mainly due to the delayed expenditure in respect of The Galleries, RHL projects, The Civic Quarter and also a lower level of expenditure than anticipated on Union Yard.

3.5 However, the revised Capital Programme as set out in Appendix 3, includes any schemes deferred. If there are any slippages identified at year end a separate request, as part of the outturn report will be made.

4. MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO 2026/27

4.1 The residual impact from Covid-19 on service expenditure and income, the war in Ukraine, restrictions on the supply chain (particularly from China), the ongoing reset of the UK economy following Brexit, all contributing to the high inflation and the cost of living crisis and the continuation of constraints in government funding (both in terms of the level of funding and duration) means the budget and medium-term are subject to considerable uncertainty. The continuation of constraints in government funding (both in terms of the level of funding and duration) adds to this uncertainty which restricts the Councils ability to financially plan for the medium to long term.

- 4.2 Portfolio budgets have been updated for 2023/24, along with forecasts of Corporate Items. Inflationary provision has been included as a separate item and assumes:
- Pay inflation of 5% and an assumption of the impact of pay increments
 - Price inflation on major contracts, utilities, and IT costs (in-line with the approach set out in the Budget Strategy). Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- 4.3 Fees and Charges have been reviewed in accordance with the approved methodology for the annual review of fees and charges made for Council services ([FIN1624](#)). An increase of 12.4% has been reflected in fees and charges that are increased in-line with the annual increase in the RPIX inflation rate. Budget holders are required to review the fees and charges as part of the budget setting process to ensure they are set at an appropriate level and that charges are transparent and show a clear methodology for their increase.
- 4.4 The estimates for 2023/24 includes changes to service income and expenditure budgets that are summarised below. Income and cost pressures have been reviewed given the financial pressures faced by the Council. In most cases, budget estimates have only been amended where the impact is unavoidable – either through inflationary pressure (pay and contractual), which for 2023/24 is considerable, with additional allocations any pay award up to 5% and inflation risk or where there is a projected income shortfall.
- 4.5 As with the Revised Estimates for 2022/23, the summary above excludes the impact of changes in Support Service charges, Capital Charges and Pension Accounting charges. A detailed analysis of the budget changes will be shown in the Council's 2023/24 Budget Book which will be available in March 2023.

Budget Pressures

- 4.6 Inflationary provision has been set aside of £2.186m to reflect the additional costs generated from the current economic situation, including contract inflation and energy costs. Additional service budget will be distributed after the additional cost has been demonstrated and that any mitigations have been identified.
- 4.7 Other items of supplementary expenditure may be proposed during 2023/24 as the Council reacts to changing conditions or levels of demand, for example. Given the financial pressures facing the Council and the funding gap across the MTFS period, each item will be reviewed individually prior to any formal decision, in line with current financial regulations. Given the financial pressures it is anticipated that any such requests will be reviewed in the context of ongoing need for budgetary control and the need to deliver further cost reductions. Therefore, consideration will only be given to essential expenditure and agreed priority areas only.

Non-Service Expenditure and Income

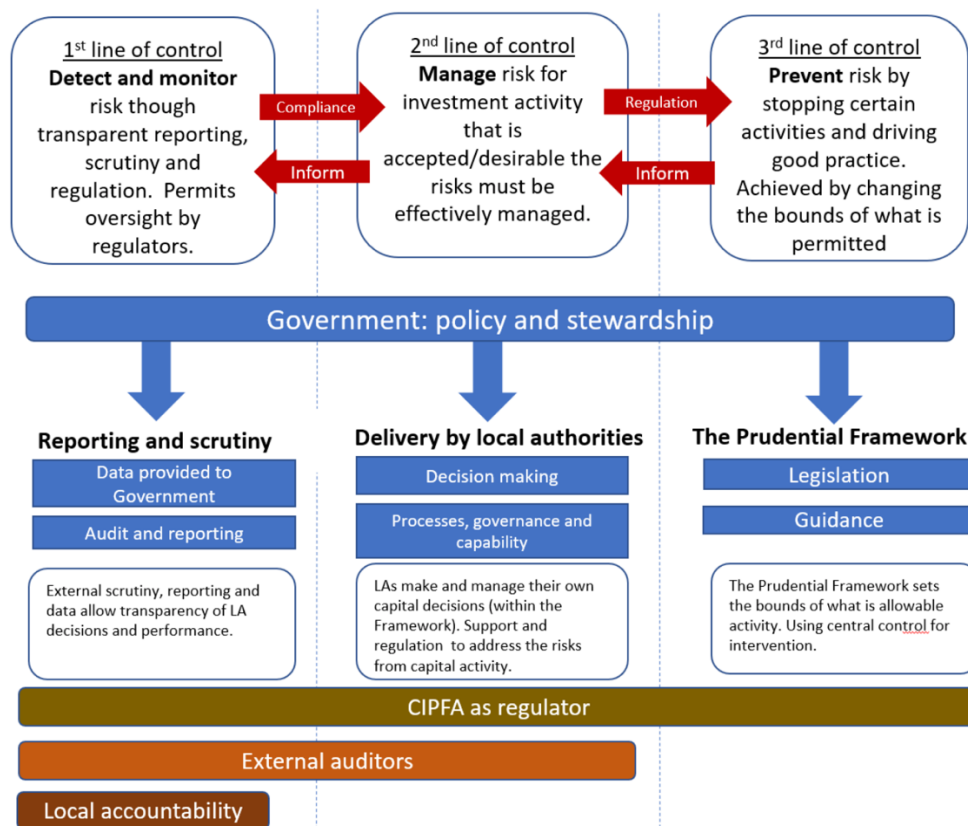
- 4.8 Corporate Items covers the non-service revenue expenditure and income that is included in the Council's General Fund. Non-Service budgets for 2023/24 of £1.821m are proposed and increase to £2.597m, £3.006m and £4.543m over the MTFS period. Specific budgets covering the Council's Treasury Management

activities, approach to the revenue implications of capital financing, and planned reserve transfers are set out below in more detail.

Treasury Management and PWLB Lending Terms

- 4.9 The MTFS includes an updated estimate of the additional cost of borrowing as interest rates increase. The Treasury Management Strategy for 2023/24 will be considered by Corporate Governance, Audit and Standards Committee at their meeting on 30 January 2023. This will indicate that external short-term borrowing has been taken to finance the capital programme to date. This takes advantage of current low interest rates, with a planned move to longer-term external borrowing as interest rate rises are expected over the medium term thereby providing a degree of mitigation against refinancing risk. Advice will be sought from the Council's Treasury Management advisors Arlingclose, in terms of timing, maturity profile and debt composition.
- 4.10 The Government provided further guidance and clarification on the revised PWLB Lending Terms in August 2021. The key points are set out below.
- Any investment asset acquired after 26th November 2020 would result in the authority not being able to access PWLB in that financial year or being able to use the PWLB to refinance the transaction at any point in the future
 - authorities should provide details of capital plans, regardless of funding source, covering the whole current financial year and subsequent two financial years
 - Individual projects and schemes may have characteristics of several different categories. In these cases, the section 151 officer or equivalent of the authority should use their professional judgment to assess the main objective of the investment and consider which category is the best fit.
 - an asset that is held primarily to generate income which is used to support wider service spending, but serves no direct policy purpose, should not be categorised as service delivery
 - authorities cannot use receipts from primarily for yield assets to buy further primarily for yield assets
 - Capital expenditure to maintain existing properties or in order to increase their value where the local authority is planning to sell the property is permitted
- 4.11 The Government also set out their views on the local authority capital finance framework. Whilst the Government have recognised the importance of local government capital investment, they are concerned at the risks some local authorities have taken around investment in commercial property.

Figure 1: Three-lines of control model for strengthening the capital system



4.12 In December 2021 CIPFA confirmed changes to its Prudential Code on Capital Finance and Treasury Management Code of Practice following a consultation in the Autumn. Where possible, local authorities should make their best endeavours to adhere to their provisions and not undertake any new investments which would not be consistent with the changes. The codes will be fully implemented in the 2023/24 financial year. The main changes to the Codes are summarised below.

4.13 **Prudential Code** – The updated code includes the following as the focus of the substantive changes:

- The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for yield as the primary purpose of the investment or represent an unnecessary risk to public funds.
- Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.
- A new requirement has been added so that capital strategies are required to report investments under the following headings: service, treasury management and commercial investments.

- 4.14 **Treasury Management Code** – The main changes to the Treasury Management code are as follows:
- Investment management practices and other recommendations relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs.
 - The guidance will recommend the introduction of the Liability Benchmark as a treasury management indicator for local government bodies (note that CIPFA has issued a toolkit to assist local authorities with the production of this indicator).
 - Environmental, Social and Governance (ESG) risks are incorporated into TMP1 (Risk Management) rather than a separate TMP 13.
 - The purpose and objective of each category of investments should be described within the Treasury Management Strategy
- 4.15 As set out in the Annual Treasury Management Strategy, the Council's borrowing strategy is *"to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required"*.
- 4.16 The MTFs includes estimates of the borrowing costs arising from the financing of the capital programme.
- 4.17 Arlingclose expect the Bank base rate to increase in the short-term above the current 3.50% to 4.25% by May 2023 with the next increase likely in February 2023. Rates are expected to start to fall back in the final quarter of 2024, although not expected to fall back to the historically low rates of the last few years.
- 4.18 The Treasury Management Strategy sets out the Council's policy on Minimum Revenue Provision (MRP) and is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans).
- 4.19 The level of MRP to be charged to the revenue budget has been reviewed in light of the updated capital programme and the funding of future capital included in the Financial Strategy approved by Cabinet 15 November 2022 (FIN2234). MRP of £2.433m is to be charged in 2023/24 and is forecast to increase to £3.232 by 2026/27.
- 4.20 Estimates of interest receivable on other investments remain positive but with some uncertainty around the continued impact from Covid-19 on the Council's longer-term investment returns. The Council continues to hold up to £25m in Pooled Funds, which are performing well. Investment income of £1.5m has been forecast for 2023/24 recognising a recovery in performance over the last 12 months whilst recognising that volatility remains a factor. This will be kept under review in terms of the overall cash position of the authority and the impact of forecast interest rate rises.

5. BALANCED BUDGET REQUIREMENT

- 5.1 The Council is legally required to set a balanced budget for the following financial year and remains balanced. As can be seen in the MTFS, the Council's core financial position is a balanced budget 2023/24 and 2024/25 (after utilisation of the other transfers to reserves). However, there is a significant and increasing projected funding gap (prior to any further savings target) of £1.964m in 2025/26, rising to £2.979m in 2026/27.
- 5.2 An important part of the strategy for financial sustainability will be to continue to deliver efficiencies and savings over the coming years. The Council Business Plan and services must be delivered within the overall resource envelope available to the Council thereby reducing reliance on earmarked reserves to support the budget.
- 5.3 The level of savings set out in the MTFS does meet the funding gap identified for 2023/24 and 2024/25. The MTFS Equalisation reserve is not planned to be utilised in either 2024/25 and 2025/26, however is being used to balance the budget in the 2025/26 and 2026/27 and will be depleted over the MTFS period leading to a deficit position during 2025/26. As illustrated in Table 5 in this report, the Council will need to address the scale of the funding gap to ensure a balanced budget can be set for 2025/26 and beyond. Given the level of complexity and uncertainty we continue to operate in the position set out in this report is by no means fixed and the funding gap may change due to assumptions being updated and changes in external factors including interest rates.
- 5.4 The CIPFA Financial Management Code (FM Code) was published in 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code applies to all local authorities with the first full year of compliance required in 2023/24.
- 5.5 The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:
- financially manage the short, medium and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in their financial circumstances
- 5.6 A key element of demonstrating financial sustainability and compliance with the FM Code is for the Council to ensure suitable mechanisms are in place around savings to that they are identified, agreed, planned, implemented and achieved. This will help to ensure the funding gap identified within the MTFS is addressed in a planned and managed way.
- Savings and Transformation Programme
- 5.7 The Council adopted a revised approach to its Savings Programme to address the funding gap identified in the February 2021 MTFS. The programme set out a revised process for how savings are identified, evaluated, and approved, with clearer reporting and monitoring and governance arrangements. This approach was approved by Cabinet during March 2021, with significant work being undertaken by officers and members over the course of the current financial year.

- 5.8 The Savings and Transformation programme has developed a number of workstreams that help the Council achieve a robust, balanced, and proportionate reduction in cost/additional income. The programme has considered and reviewed service delivery options, organisational redesign programmes such as ICE, improved procurement outcomes, and how to embed a commercial approach to service delivery and improved utilisation of property and income-generating assets.
- 5.9 As can be seen from Tables 4 and 5 in this report, the requirement to reduce costs and balance the budget over the medium term are substantial. The Savings and Transformation Programme has been extended to ensure sustained focus over the MTFS period. The programme is supported by a project team which reports to the Executive Leadership Team Board on a monthly basis to ensure identified opportunities are on target and can be delivered. Member oversight on the programme is through the Budget Strategy Working Group.
- 5.10 The aim of the programme is to achieve financial sustainability and enable service transformation within the MTFS period without significant impact on Council Plan priorities. In 2023/24 the Savings and Transformation Programme will focus on:
- 1) the delivery of the new programme of savings projects identified through the recent Outcomes Based Budgeting process (See below)
 - 2) Efficiencies from the ongoing transformation programme
 - 3) Asset management and redevelopment (incl. increasing income from existing assets)
 - 4) Fees and Charges – cost recovery principle

Outcome Based Budgeting

- 5.11 The MTFS includes £1.825m of previously agreed savings in 2023/24 rising to £3.241m in 2026/27. However, given the forecast budget gap this was insufficient and additional savings were required to balance the budget.
- 5.12 In November Cabinet agreed an Outcome Based Budgeting exercise, which aimed to identify further changes and projects to ensure that net costs were brought down, whilst ensuring that the Council's aims continued to be fulfilled.
- 5.13 The exercise was undertaken against the budget principles:
- A clear focus on fulfilling the **Councils Best Duty Value**. Developing and mobilising a continuous savings programme to close the majority of any gap by driving out costs from the running expenditure of the Council, focused both in the short (23/24) and medium term (24/15 onwards).
 - The Council will not rely on the use of one-off funding sources to address recurring budgetary pressures, specifically it **should not place material reliance on use of reserves** for revenue purposes
 - Recognising the challenging inflationary environment the Council is currently operating in and the increased in service costs, where services are charged for, **fees and charges need to be set at an optimal price**, ensuing full cost recovery as a minimum.

- Recognising the Councils capital investment imperatives and the importance to the residents of the Borough, a sustainable funding solution should be developed to fund all new capital acquisitions – with a specific focus on **funding all new capital activity predominantly from asset sales with minimal borrowing and grants**
- Ensuring the long-term viability of service provision from as stable a position as possible is vital to continued success of quality service delivery, a **continued focus on budget sustainability** will be key to all considerations with a reduction in the use of one off measures or borrowing to fund activity.

5.14 The work identified significant number of options which were validated. These were subsequently reviewed by the Cabinet who agreed a set of proposals for incorporation in this budget.

5.15 The proposals set out in detail in Appendix 2 have been agreed by Cabinet and result in net amendments to portfolio budgets as shown in the table below.

Table 1 – Outcome Based Budgeting summary

OBB Savings Proposals by Portfolio 2023-24 and 2023-24	2023/24 (£'000)	2024/25 (£'000)
Corporate Services	(224)	(246)
Customer Experience & Improvement	(414)	(441)
Democracy, Strategy & Partnerships	(120)	(105)
Major Projects & Property	(639)	(639)
Operational Services	(524)	(729)
Planning & Economy	(223)	(268)
Cross-Portfolio	(165)	(165)
Total	(2,309)	(2,593)

5.16 Each OBB proposal includes an assessment of the impact upon residents and in particular protected groups in accord with the Equality Duty. The assessment for each proposal was then reviewed by the OBB working group and further consideration or information was requested where appropriate. As a result, mitigation action was considered appropriate in 15 proposals and these mitigations are either already in place or will be actioned as the proposed changes are implemented. These impact assessments are highlighted in the supporting report. The equality impact assessment process will continue for many proposals where changes involve new operating practices and/or procedures that are still in development at the time of this report.

Balances and Reserves

5.17 The Council's financial position is supported by its balances and reserves.

- 5.18 The Budget Strategy set a target for the General Fund balance to be maintained at a minimum of £2m, with the Stability and Resilience Reserve balance held at a level that would allow the Council to mitigate short-term fluctuations in income and expenditure (e.g., Business Rates, Government funding changes). Given the funding gap identified over the MTFS period, the Council must identify and deliver additional cost reductions and new income to ensure an adequate reserve balance is maintained.
- 5.19 However, these reserves should not be utilised to fund normal, on-going service provision. It is important to review the level of reserves regularly.
- 5.20 Members will recall that as part of the 2019/20 budget setting process a Commercial Reserve was established to provide a source of funding to mitigate potential fluctuations commercial property income. The level of the reserve will need to reflect the financial risks associated with the commercial property portfolio and the impact from Covid-19 and the cost of living crisis on income. Although a draw on this reserve is likely in 2022/23, no assumption on any further drawdowns is made for 2023/24 onwards, as commercial income is returning to the levels expected with the MTFS.
- 5.21 The triennial review of the Pension Fund has been undertaken and, due to a combination of better performance of the scheme investments and changes to the valuation methods required of Pension Funds, the MTFS now assumes no additional contributions to the Pension Fund and the transfer of the brought forward balance into the MTFS Equalisation Reserve during 2022/23 as part of a review of reserves balances in September 2022.

Table 2 – Balances and Reserves forecast

Earmarked Reserve	SOA Balance as at 31/03/2021 (£'000)	Final Balance 31/03/2022 (£'000)	Estimated Balance 31/03/2023 (£'000)	Estimated Balance 31/03/2024 (£'000)	Estimated Balance 31/03/2025 (£'000)	Estimated Balance 31/03/2026 (£'000)	Estimated Balance 31/03/2027 (£'000)
COVID BRR Earmarked Reserve	10,812	4,547	4,162	4,162	4,162	4,162	4,162
Stability and Resilience Reserve	4,577						
Business Rates Equalisation Reserve	-	2,000	2,676	2,676	2,676	2,676	2,676
MTFS Equalisation Reserve	-	2,577	4,529	4,529	4,529	2,565	
Negative Balance of MTFS Equalisation *							(414)
Service Improvement Fund	129	-	-	-	-	-	-
Commercial Property Reserve	1,750	1,483	388	388	388	388	388
Regeneration, Property & Major Projects	357	257	100	-	-	-	-
ICE Reserve	-	-	-	-	-	-	-
Climate Emergency Reserve ***	239	208	-	-	-	-	-
Deprivation Strategy Reserve ****	94	139	109	109	109	109	109
Pension Reserve	669	1,487	-	-	-	-	-
Workforce Planning Reserve	200	100	100	100	100	100	100
Treasury Earmarked Reserve	400	220	-	-	-	-	-
Covid-19/Recovery Grant reserve	393	233	233	233	233	233	233
CPE Rolling Fund	281	327	327	327	327	327	327
Budget Carry Forwards	390	432	-	-	-	-	-
All Other Earmarked Reserves (excluding SANG/s106) **	2,796	3,465	3,218	2,734	2,781	2,828	2,828
Commuted Sums/Amenity Areas	3,973	4,530	4,498	4,466	4,436	4,405	4,405
TAG Environmental Fund	96	97	97	97	97	97	97
Total of all Earmarked General Fund Reserves	27,156	22,102	20,437	19,821	19,838	17,890	14,911
Excluding SANG/S106/TAG & BRR	12,275	12,928	11,680	11,096	11,143	9,226	6,247
Capital Receipts Balance	410	2,135	3,968	4,103	4,103	4,103	6,208

Notes:

* Negative Balance on MTFS Equalisation Reserve – this is shown as a negative balance should the Council not find sufficient savings or additional income to address the funding gap highlighted over the MTFS period. In practice, a negative reserve would not be created but is show for illustrative purpose to highlight the impact.

5.22 Whilst the level of balances and reserves shown in the table indicates that the Council is in currently a good financial position, the cumulative funding gap of £4.943m over the MTFS period - £1.964m in 2025/26 rising to £2.979m by 2026/27 (as shown in Table 4 below), would reduce the MTFS Equalisation Reserve to a nil balance during 2026/27. This will need to be addressed over the coming months as the Council will need to make significant decisions on future mitigation options.

5.23 Clearly, the Council will need to ensure the Savings and Transformation Programme is robust, balanced, and proportionate, and mitigates the funding gap over the MTFS period.

Table 3 – Medium Term Financial Forecast

Item	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Portfolio Net Expenditure	9,769	9,026	8,768	7,619
Corporate Items	2,421	2,597	3,006	4,543
Inflation	2,186	2,646	3,207	4,229
Portfolio + Corporate Items	14,375	14,270	14,981	16,391
Additional Items & Budget Pressures	303	315	262	12
Budget Proposals	-	-	-	-
Risk items (Waste)	-	350	350	350
Outcomes Based Budgeting Savings	(2,309)	(2,593)	(2,593)	(2,593)
Draft Net Revenue Budget	12,369	12,342	13,000	14,160
Funded by:				
Council Tax	7,448	7,748	7,993	8,111
Business Rates	4,057	3,732	2,744	2,797
New Homes Bonus	658	658	-	-
Other Grant Funding	197	205	299	273
Council Tax/NNDR Surplus or (Deficit)	10	-	-	-
TOTAL Funding	12,369	12,342	11,036	11,181
Funding Gap / (Surplus)	-	-	1,964	2,979

6. FUNDING

6.1 The MTFS includes a forecast of the level of funding available to support the General Fund over the medium-term which are set out in detail below.

Business Rates

- 6.2 The Council was required to finalise its Business Rates estimates for 2023/24 and its initial estimate of any surplus or deficit for 2022/23 by 31 January 2023. The estimate of retained business rates income included in this report do not take into account the final forecasts for business rates that were submitted in the NNDR1 return.
- 6.3 Forecasting business rates income is complex with the residual impact from Covid-19, the Business Rates Revaluation, freezing of the Business Rates Multiplier and additional reliefs announced in the Budget contributing to the level of uncertainty around forecasts for the medium-term. The estimate of business rates income has been prepared based on the rateable value of properties on the rating list on 31 December 2022. Forecasts have been made concerning the level of mandatory and discretionary reliefs that will be given, and an allowance made for bad debts and repayments.
- 6.4 Business rates are collected by the Council, and the proceeds are shared between Rushmoor and Hampshire County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of retained business rates to be £3.366m in 2023/24. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in this report, although broadly similar to last year, has seen significant changes in terms of rateable values and reliefs.
- 6.5 The Business Rates Collection Fund is forecast to be in a deficit position by the end of the current year, largely due to the residual impact from Covid-19 and additional reliefs in the year. This is consistent with the outturn position on the collection fund for 2021/22. Owing to the way in which business rates are accounted for through the budget setting process and the year-end collection fund, any surplus or deficit from the previous year is dealt with in the following year's budget.
- 6.6 The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 implemented the announcement made by the Secretary of State on 2 July 2020 that "the repayment of collection fund deficits arising in 2020-21 will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year". The Council has taken advantage of this change in the regulations and spread the Business Rates Collection Funds deficit with £0.223m included in the MTFS for the financial years 2021/22 to 2023/24. The final position on Business Rates income for 2022/23 will not be known until the NNDR3 return is completed in May 2023. It is expected that there will be a significant deficit on the NNDR Collection Fund as set out in paragraph 6.6. This will be mitigated through Section 31 Grant to compensate the Council for reduced income from business rate payers, although there is a timing difference in terms of how these are accounted for.

- 6.7 Final agreement of the Business Rates estimates will be made by the Council's Section 151 Officer in consultation with the Leader of the Council, under the delegation agreed by Council on 20th January 2014, and an update will be provided to Cabinet alongside this report.
- 6.8 Should the business rates estimates be materially different from those presented in this report, the General Fund Summary will be updated by the Council's Section 151 Officer in consultation with the Leader of the Council and the Portfolio holder for Corporate Services, prior to consideration of the budget by Council on 23 February 2023.

New Homes Bonus

- 6.9 Planned consultation on a new reward scheme has been deferred once again the current scheme would continue for a further year. The allocation of New Homes Bonus (NHB) for 2023/24 was included in the provisional settlement.
- 6.10 Whilst the total amount of NHB for 2023/24 is £0.658m, it is a one year allocation and will not generate legacy payments in future years. The MTFs includes a projection for one further year in 2024/25, no assumption is made on further receipts from 2025/26 onwards of NHB (or its replacement) as the funding stream is part of the fair funding review.

Other funding and grants

- 6.11 Alongside the finance settlement, the government has confirmed the following grants and other funding scheme contributions that the Council will receive in 2023/24.
- Services Grant (£0.092m)
 - Revenue Support Grant (£0.104m)
- 6.12 The Government have indicated that the Services Grant will not be included in any consultation around Transitional arrangements as and when the local government finance system is reformed and should therefore be seen as one-off in nature.
- 6.13 Revenue Support Grant is paid for the first time in a number of years, however this is only because two grants, Local Council Tax Support Admin Grant and the Family Annexe Grant have been rolled up into The Revenue Support Grant and therefore this is not additional funds.
- 6.14 Given the single-year settlement with an indication of the strategy for 2024/25, and uncertainty around the timing and level of reform to the local government finance system there is significant risk in forecasting of funding beyond 2024/25. Government has indicated that public sector funding will be squeezed from 2025/26 with only 1% increases factored in (a real terms cut if inflation is at or above the target rate of 2%).
- 6.15 The forecast shown in table 5 is based on the assumption that local government finance reforms and Business Rates rest (required to fund the reforms) reduces the Council's business rates income to the baseline level (£2.381m in 2025/26). No assumption has been made on any replacement to the New Homes Bonus scheme.

- 6.16 Therefore, the level of Government funding reduces significantly over the MTFS period (based on the assumptions made above) and the Council will need to take appropriate actions to ensure the financial sustainability of the Council is maintained in light of reduced resources over the medium-term.

Council Tax

- 6.17 The referendum threshold for 2023/24 for Shire Districts such as Rushmoor is 3% or £5 (whichever is the greater). The Spending Power calculation published with the Local Government Finance Settlement assumed that all authorities would raise their Council Tax towards the maximum allowable amounts. Factoring such increases into the funding assessment, removes flexibility for local authorities to take local decisions about tax levels and to use increases in local taxation to offset local spending pressures. Councils now need to make these increases just to keep total funding levels at a standstill.
- 6.18 The revenue budget assumes a 2.99% (£6.56) increase in a Band D charge for Council Tax, which falls within the permissible level of increase before triggering a local referendum and equates to an increase of around 13 pence per week for a Band D property.
- 6.19 A council tax rise of £6.56 increases the Band D rate from £219.42 to £225.98 and will generate approximately £0.216m in additional council tax revenue annually (when taken with estimated changes to the taxbase). The MTFS assumes an increase of up to £6.76 increase in 2024/25 and £5 per annum in subsequent years. This would generate a further £0.552m over the remaining years of the MTFS period.

Council Tax Support

- 6.20 Cabinet considered the report from the Council Tax Support Task and Finish Group at their meeting on 22 November 2022 ([FIN2301](#)). Following the review of Council Tax Support by the Task and Finish Group, the recommendation to full Council is that the current scheme for working age customers continues for 2023/24 with the usual alignment to Housing Benefit Rates. This would mean that the minimum contribution would remain at 12%. Also a further £20k was set aside to continue funding a Hardship Fund into 2023/24 for those requiring additional support.
- 6.21 Cabinet endorsed the approach set out in the report and the recommendation to commission the Council Tax Support Task and Finish Group to undertake a further detailed review of the Council Tax Support Scheme in early 2023 to take into account the impact of the cost of living crisis and the increasing cost of the scheme and its local impact on scheme recipients and other local council tax payers.
- 6.22 Cabinet accepted the proposal from the Group, the impact of which is included within the estimates on the Council Taxbase for 2023/24.

Council Taxbase

- 6.23 The Taxbase for 2023/24 has been estimated at 32,959.11 and represents an increase of 163.82 (0.50%) over the 2022/23 position.

Council Tax Collection Fund

- 6.24 The Council Tax Collection Fund is estimated to be in surplus by the end of the current financial year by £0.090m (Rushmoor's Share £0.010m) and is included within the Council Tax Collection Fund surplus line within the MTFs in addition to the impact from 2020/21 which was spread over a 3-year period.
- 6.25 Collection rates for Council Tax have improved throughout 2022/23. At the time of writing, the Revenues team have been able to collect the majority of Council Tax due for the year. The total collected is forecast to be broadly in-line with the level precepted against the Collection Fund.
- 6.26 Any surplus or deficit on the Collection Fund is shared across the major precepting authorities (Hampshire County Council, Hampshire Police and Crime Commissioner, Hampshire Fire and Rescue Authority).
- 6.27 The Council Tax base and surplus were agreed under delegated powers by the Council's Section 151 Officer, in consultation with the Leader of the Council, during February 2023.
- 6.28 The decision to set Council Tax remains an annual decision for Council to consider when setting the budget one year from the next.

7. CAPITAL PROGRAMME 2022/23 to 2026/27

- 7.1 The Council's Capital Strategy and Capital Programme are considered over a five-year period. The Strategy provides the framework for the Council's capital expenditure and financing plans to ensure they are affordable, prudent and sustainable over the longer-term.
- 7.2 The Council has set out its Capital Programme for the period 2022/23 to 2026/27 based on the principles of the current Capital Strategy. This is summarised in Table 7 below and in further detail in Appendix 3 of this report. A total capital expenditure budget of £44.6m in 2023/24 is proposed. Total expenditure currently decreases to £10.785m and £1.562m in 2024/25 and 2025/26 respectively, and in the final year of the current programme 2026/27 spend is estimated at £1.288m.

Table 4 – Summary Capital Programme

Portfolio / Scheme	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27
	Original Estimate (£'000)	Revised Estimate (£'000)	Estimated Out Turn (£'000)	Estimate (£'000)	Estimate (£'000)	Estimate (£'000)	Estimate (£'000)
Corporate Services							
Flexible Use of Capital Receipts	0	0	0	0	0	0	0
Subtotal CS	0	0		0	0	0	0
Customer Experience & Improvement							
Computer Systems	265	265	130	221	0	0	0
Council Offices	40	40	10	74	59		
Subtotal CE & I	305	305	140	295	59	0	0
Major Projects & Property							
Aldershot Town Centre Projects	3551	3551	3	3400	0	0	0
Civic Quarter Farnborough	2627	2791	791	1600	400	0	0
Housing Matters	6751	6751	1826	5894	4068	0	0
Property and Assets	0	425	350	10502	0	0	0
Property Enhancements	1151	1151	336	662	0	0	0
Union Yard Aldershot	20950	22534	19045	19838	2020	0	0
Sub Total MP & P	35,030	37,203	22,351	41,896	6,488	0	0
Operational Services							
CCTV	400	400	0	400	0	0	0
Crematorium	0	50	50	750	2500	274	0
Depots	0	0		0	0	0	0
Parks & Open Spaces	0	210	210				
Playground Works	0	0					
Refuse/ Recycling inc Food Waste	105	340	374	127	127	127	127
Southwood SANG visitor centre and café	685	853	1159	0	450	0	0
Improvement Grants	1111	1965	1203	1161	1161	1161	1161
Sub Total OPS	2,301	3,818	2,996	2,438	4,238	1,562	1,288
Planning & Economy							
No Capital Schemes	0	0	0	0	0	0	0
TOTAL Capital Programme	37,636	41,326	25,487	44,629	10,785	1,562	1,288

7.3 The capital programme is focussed on delivering against the Council's key priority of Town Centre Regeneration, with further schemes focused on enhancing the delivery of core services through improvement and enhancement of assets. The programme also includes support for the provision of local housing and the Council's statutory duties in respect of Disabled Facilities Grants.

- 7.4 The Capital Programme, as set out in this report, includes the forecast contract expenditure estimates for the construction and development of the Union Yard scheme that Council approved in July 2021. Whilst the expenditure on Union Yard has to date been lower than anticipated it is anticipated that the whole of the budget approved to date will be fully spent by 2024/25. Current forecasts of likely variations to the Contract could, if they are fully required, increase the expenditure above the current approval. As there was no contingency approved within the original budget a contingency sum of £1.6m (3.6% of the approved budget) has been included within the programme for 2023/24.
- 7.5 Expenditure estimates have also been included within the capital programme for the proposed purchase of The Meads, the refurbishment of the Crematorium and for the development of the Civic Quarter, Farnborough scheme. This will allow site assembly and land remediation to continue, along with further detailed planning of the wider site. Members will be aware of the £20m Levelling Up funding award and we are currently awaiting further details of the condition of the grant and the likely drawdown process before including the construction of the scheme in the Capital Programme.
- 7.6 With regards to the Crematorium refurbishment the Capital Programme includes a current estimate of the costs. Accurate assessment of costs will become available once Architects have been appointed and further detail will be provided to Cabinet with a full business case. It is anticipated that £90k will be spent on progressing the plans and no further funds should be committed until a full business case is approved.
- 7.7 Due to the scale and complexity of these schemes detailed proposals for each regeneration scheme will need to be considered by Cabinet and Council once the due diligence work has been completed. Each scheme will have significant legal and financial implications and will require the Council to consider the long-term financial commitments and risks. The Capital Strategy, Treasury Management Strategy and the Capital Programme will need to be updated to reflect decisions taken by Cabinet and Council.
- 7.8 There will be a continued review of capital spending requirements as the Council regeneration, new Property and Major Works programmes, and other schemes are brought forward in more detail, with affordability and deliverability will be a key consideration in this regard.
- 7.9 The Council's capital expenditure is, for projects already committed/commenced, predominantly financed from prudential borrowing. Going forward, wherever possible any new projects will be funded from other sources of finance to support the capital programme, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts).

- 7.10 The level of prudential borrowing included reflects the financing available in the revenue budget, assumes capital receipts align with forecasts and grant funding and other contributions are based on already notified allocations or best estimates at the time of preparation. If additional resources become available or there is a compelling business case which does not put the Council's ability to balance its budget at risk, further projects that meet the Council's strategic capital objectives may be brought forward for individual approval.

Table 8 – Summary Capital Financing Statement

	2022/23 Original Estimate (£'000)	2022/23 Revised Estimate (£'000)	2022/23 Estimated Out Turn (£'000)	2023/24 Estimate (£'000)	2024/25 Estimate (£'000)	2025/26 Estimate (£'000)	2026/27 Estimate (£'000)
Capital Financing Statement							
Revenue Contribution to Capital	0	75	0	0	0	0	0
Grants& Contributions from Other Bodies	2632	2632	2062	3420	20	20	20
Grants& Contributions - Improvement Grant	1060	1914	1203	1111	1111	1111	1111
Section 106 Developers Contributions	0	175	175	0	450	0	0
Prudential Borrowing	33429	36015	22047	40098	9204	431	157
Capital Receipts	515	515	0	0	0	0	0
TOTAL Financing	37,636	41,326	25,487	44,629	10,785	1,562	1,288

8. RISKS AND UNCERTAINTIES

- 8.1 There are a number of financial risks that the Council will face over the medium-term. The 2023/24 Budget and the MTFs have been prepared with consideration of these risks, but as with any forecast, an inherent level of risk will remain.
- 8.2 For Local Government, there are 2 significant strategic risks.
- 8.3 The first key risk is around the nature and scope of local government funding from central government from 2024/25. The implementation of the Fair Funding Review and Business Rates changes has already been delayed (originally due from April 2020) and have been deferred to 2025. The forecast impact on District and Borough Councils is likely to be significant as resources are moved around Local Government to recognise Social Care cost pressures.
- 8.4 It is very difficult to estimate the with certainty the impact on Rushmoor. Fundamental changes to the way in which each Council's needs are assessed and funded are difficult to model despite some engagement from Government with local authorities. Therefore, considerable risk and uncertainty remains in the estimates for 2025/26 and beyond. However, an initial estimate of a 30-40% reduction in the level of retained business rates income has been included in the MTFs assumptions. An estimate has been made around transitional arrangements, but these are not based on any indication or commitment from the Government.

8.5 The second key risk is around the continued impact on the Council from pressures within the wider economy, with the cost of livings crisis fuelled by the residual impact from Covid-19, the war in Ukraine, restrictions on the supply chain (particularly from China) and the ongoing reset of the UK economy following Brexit. This will have an impact on income and expenditure budgets during 2023/24 and will require timely and accurate financial reporting to Cabinet. These risks include:

- Income from Council Tax and Business Rates will continue to be under pressure in 2023/24 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
- Increased demand for certain services (e.g., Homelessness) may put additional financial pressure on the Council
- Cost of services where the Council is exposed to risk sharing in contract costs
- Energy cost pressures

8.6 The budget has been prepared in light of key financial risks facing the Council over the medium- term, principally:

- Business Rates Retention and changes to the Local Government Finance system/Levelling Up Agenda
- Replacement of New Homes Bonus from 2025/26 at a time this Council will be continuing to delivering a significant number of new homes.
- Treasury management issues including interest rates, level of capital expenditure, use of internal resources, borrowing costs.
- Impact of the UK having left the European Union on the UK economy.
- Financial impact of the Capital Programme on the revenue budget – the affordability of the capital programme and future schemes needs to be carefully considered.

9. CONSULTATION

9.1 All Members of the Council were invited to budget briefing seminars during January and February 2022 to discuss the budget proposals and the full budget report is available online.

10. EQUALITIES IMPACT ASSESSMENT

10.1 Each OBB proposal includes an assessment of the impact upon residents and in particular protected groups in accord with the Equality Duty. The assessment for each proposal was then reviewed by the OBB working group and further consideration or information was requested where appropriate. As a result, mitigation action was considered appropriate in 15 proposals and these mitigations are either already in place or will be actioned as the proposed changes are implemented. These impact assessments are highlighted in the supporting report. The equality impact assessment process will continue for many proposals where changes involve new operating practices and/or procedures that are still in development at the time of this report.

11. CONCLUSIONS

- 11.1 Despite the uncertainties around future levels of Government Funding, the impact from Covid during 2021/22 and the general economic position, the Council has been able to prepare a sound budget whilst maintaining services to residents. The budget will also provide a platform for Rushmoor to address future challenges.
- 11.2 The budget has been prepared in accordance with the approved budget strategy. This includes the principle of maintaining the Council's general fund revenue risk-based balance at £2m and maintaining other usable reserves to mitigate risk and support improvement.
- 11.3 The Council will need to continue to take steps to manage and address the funding gap identified over the MTFS period.
- 11.4 The Capital Programme includes planned expenditure £44.6m in 2023/24 with the Council needing to consider the outcome from feasibility studies and due diligence work on other potential schemes before any further capital expenditure is committed.
- 11.5 The budget proposals provide for the current Council Tax level to increase by £6.56 for a Band D property (from £219.42 per annum to £225.98) – an increase of around 13p per week) in line with government assumptions within its settlement funding formula.
- 11.6 In order to achieve this, the budget will require the implementation of cost reduction and efficiency savings of £2.350m.
- 11.7 The Council will need to continue the Savings and Transformation Programme to ensure a balanced portfolio of cost management and income generation opportunities to ensure the Council is able to achieve financial sustainability over the medium-term strategy period. As endorsed by Cabinet at their meeting on 18 January 2022, the Budget Strategy Working Group to act as consultee on the development of the programme.
- 11.8 Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. Reserves held to mitigate risk (Commercial Property reserve, MTFS Equalisation reserve) are forecast to be depleted over the medium term and reviewed as to their adequacy for future financial years given the current risks identified in this report. All reserves will be monitored and reported to Cabinet throughout 2023/24.

Background documents:

Budget Strategy 2023/24 ([FIN2234](#))

Council Tax Support Scheme 2023/24 ([FIN2301](#))

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APPENDIX 1

MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2026/27

Item	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Portfolio Net Expenditure	9,769	9,026	8,768	7,619
Corporate Items	2,421	2,597	3,006	4,543
Inflation	2,186	2,646	3,207	4,229
Portfolio + Corporate Items	14,375	14,270	14,981	16,391
Additional Items & Budget Pressures	366	274	221	(29)
Budget Proposals	-	-	-	-
Risk items (Waste)	-	350	350	350
Outcomes Based Budgeting Savings	(2,372)	(2,552)	(2,552)	(2,552)
Draft Net Revenue Budget	12,369	12,342	13,000	14,160
Funded by:				
Council Tax *	7,448	7,748	7,993	8,111
Business Rates *	4,057	3,732	2,744	2,797
New Homes Bonus	658	658	-	-
Other Grant Funding	197	205	299	273
Council Tax/NNDR Surplus or (Deficit)	10	-	-	-
TOTAL Funding	12,369	12,342	11,036	11,181
Funding Gap / (Surplus)	-	-	1,964	2,979

APPENDIX 1

Outcomes Based Budgeting Process

The outcomes based budgeting process was undertaken by all service managers with budget holders between November and mid-December 2022. An Initial £3.88m of unvalidated potential opportunities was identified against forecast gap of £3.25m. Validation and removal of double counting was undertaken in January and £2,593,520 of savings proposals have been identified for inclusion in the savings package for the purposes of the budget as set out below. The figures shown in the tables are full implementation savings which will be achieved for the 2023/24 financial year. Where a smaller saving will be delivered in 2023/24 that is identified in the proposal description.

The current savings requirement identified in the Budget report for 2023/24 is £2.372m. Total savings identified for 2023/24 to date = £2,308,734. In addition there will be further income from fees and charges still to be quantified and currently not included in this appendix.

Given anticipated increased financial pressures after 2024/25 the council will still need to continue developing options to ensure we bring overall cost of services in line with funding. As a result, the Savings and Transformation Programme will be extended for further 2 years

The proposals for inclusion in the budget as agreed by portfolio holders have now been grouped in line with the current Council Plan and are detailed below:

Place & Environment Priority:

Proposal	Proposed Budget Reduction
Change new CCTV contract to 50% cameras monitored and 50% cameras self-recording	£36,000
Reduce cost of environmental health services towards statutory level (£27,000 in 2023/24)	£52,000
Income from roundabout sponsorship	£20,000
Reduce budget for ad-hoc requirements at Cove Brook	£6,000
Bring back in-house the crime statistics analyst	£6,313
Ceasing external tree inspection consultancy service	£8,800
Change approach to tree preservation orders	£9,776
Delete vacant Community Patrol Team Leader post	£64,979
Farnborough Leisure Centre – delete maintenance budget	£20,000
Increase use of SANG funding for works at for Rowhill Copse and delete revenue budget	£6,000
Outsource stray dog service	£8,034
Reduce budget for ad-hoc repairs, maintenance and infrastructure within parks and open spaces	£10,000
Reduce capacity in planning conservation and design service	£4,526
Reduce RBC depot materials budget	£4,000
Reduce recycling promotions budget	£5,000

APPENDIX 2

Reduce replacement litter bin budget	£5,000
Reduce street nameplate replacement budget	£4,000
Reduction and reprioritisation of economic development and business support	£93,247
Reduction in budget for non-planned ground maintenance works	£7,000
Reduction in the tree works budget	£6,000
Return bus shelter maintenance to Hampshire County Council	£2,000
Review grounds maintenance contract inventory updates	£10,000
Vehicle lease saving	£3,961
Total	£392,636

People Priority:

Proposal	Proposed Budget Reduction
Changes to Customer Service opening hours	£51,570
Reduction in editions of Arena – two per year retaining winter and summer editions	£16,000
Reduce out of hours service to emergency response only	£13,500
10% reduction in the Princes Hall marketing budget	£3,000
Cease requirement for contractor to carry out resident survey	£1,610
Changes/restructure to Planning Service (£42,000 in 2023/24)	£84,000
Contracts team to take on delivery of replacement and additional food waste caddies	£12,920
Delete vacancies in revenues and benefits	£34,900
Deletion of repairs and maintenance budget at Aldershot Ski Centre	£1,000
Extend/increase Grainger contribution for Implementation Officer from 2024/25 (£0 in 2023/24)	£28,000
Funding the Landlord Liaison and Housing Allocation Role through Homelessness Prevention Grant	£28,000
Maintaining delivery of Rushmoor Homes and a degree of slowing on Housing Strategy	£12,590
Reduce capacity in Community and Partnerships team	£19,024
Reduced capacity in the Communications team	£41,035
Reduced planning officer working hours	£7,700
Reduction in hours of 2 posts in housing service	£44,852
Reductions to post and print budgets	£47,500
Use of Better care Fund to pay administrative costs	£83,199

APPENDIX 2

Total	£530,400
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Corporate, Support and Management Costs:

Proposal	Proposed Budget Reduction
Corporate, Support and Management Costs (2023/24 £1,090,621)	£1,204,407

Democratic Costs:

Proposal	Proposed Budget Reduction
Reduced frequency of civic and committee meetings	£1,633
Reduction in the number of Special Responsibility Allowances for Members	£4,350
Reduce budget for annual election canvas	£8,000
Total	£13,983

Changes to grant budgets and rent reliefs:

Proposal	Proposed Budget Reduction
Reduction in grant budgets and rent reliefs	£83,576
Cease Ward Grants	£39,000
Total	£122,576

Fees and Charges:

All fees and charges are being reviewed and increased in line using the most appropriate approach:

1. Specific proposals (table below)
2. Cost recovery linked to the cost of service
3. Market-led
4. RPIx (12.4%)

Proposal	Estimated additional income
Increase building control fees	£25,218
Increase Lido admission prices	£21,860
Increase S.106 monitoring and pre-app fees	£18,600
Introduce/increase charges for use of civic suite for community groups and other customers	£10,000
Charge for replacement and additional recycling bins	£7,400
Increase fees for the crematorium, grave sales, interments and monument rights	£94,440
Increase car park charges (£76,000 in 2023/24)	£152,000
Total	£329,518

Total Annual saving by **2024/25 = £2,593,520**
2023/24 Saving = £2,308,734

APPENDIX 3

CAPITAL PROGRAMME SUMMARY 2022/23 TO 2026/27					All amounts are in £	
	Original Estimate 2022/23	Revised Estimate 2022/23	Anticipated Payments			
			E stimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
CAPITAL EXPENDITURE ON PORTFOLIOS						
Corporate and Democratic Services	-	-	-	-	-	-
Customer Experience and Improvement	305,000	305,000	295,000	59,000	0	0
Major Projects and Property	35,030,413	37,202,795	41,896,165	6,488,349		
Operational Services	2,300,510	3,818,245	2,438,000	4,238,000	1,562,000	1,288,000
Planning and Economy	-	-	-	-	-	-
Savings & Transformation/ICE Modernisation Programme	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE	37,635,923	41,326,040	44,629,165	10,785,349	1,562,000	1,288,000
CAPITAL EXPENDITURE RESOURCES						
Revenue Contribution to Capital - General	-	75,000	-	-	-	-
Revenue Contribution to Capital - Improvement Grants	-	-	-	-	-	-
Total Revenue Contributions	-	75,000	-	-	-	-
Grants & Contributions from Other Bodies (see Grants & Concs Summary page)	2,631,586	2,631,586	3,420,000	20,000	20,000	20,000
Grants & Contributions - Improvement Grants	1,060,510	1,914,648	1,111,000	1,111,000	1,111,000	1,111,000
Section 106 Developers Contributions (see s106 Summary page)	0	175,000	0	450,000	-	-
	3,692,096	4,721,234	4,531,000	1,581,000	1,131,000	1,131,000
Capital Receipts & Borrowing - General Fund Schemes	33,943,827	36,529,806	40,098,165	9,204,349	431,000	157,000
Capital Receipts & Borrowing - Housing home improvement grant schemes	-	0	0	0	0	0
Total Capital Receipts & Borrowing	33,943,827	36,529,806	40,098,165	9,204,349	431,000	157,000
TOTAL CAPITAL FINANCING	37,635,923	41,326,040	44,629,165	10,785,349	1,562,000	1,288,000

APPENDIX 3

GRANTS & CONTRIBUTIONS SUMMARY 2022/23 TO 2026/27				All amounts are in £			
Project Number	PROJECT	Original Estimate 2022/23	Revised Estimate 2022/23	Anticipated Payments			
				Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
	<u>General Fund - Grants & Contributions</u>						
6518	- Wheeled Bin Contributions (Developers & Household)	20,000	20,000	20,000	20,000	20,000	20,000
6567	- Replacement Cremator (CAMEO)						
	- Moor Road - Recreation Ground Development (Sport England, PEBL, Landfill Tax)						
6613	- Parks and Open Spaces - Southwood Golf Course SANG Initial Setup	1,000,000	1,000,000				
6619	- Parks and Open Spaces - Heritage Trails						
	<u>Regeneration Projects</u>						
5407	- Union Yard (LEP and Housing Infrastructure Fund)	1,611,586	1,611,586				
	- Games Hub (LEP)						
5409	- The Galleries (Housing Infrastructure Fund)			3,400,000			
	<u>Activation Aldershot Projects</u>						
5404	- Project 2 Phase 6 - Station Forecourt Improvements (Local Growth Fund, HCC, South Western Railway)						
	Total General Fund Grants & Contributions	2,631,586	2,631,586	3,420,000	20,000	20,000	20,000
	<u>Housing Schemes - Government Grants</u>						
640050013	- Improvement Grants - Disabled Facilities Grants (Better Care Fund)	1,060,510	1,914,648	1,111,000	1,111,000	1,111,000	1,111,000
	TOTAL GRANTS & CONTRIBUTIONS	3,692,096	4,546,234	4,531,000	1,131,000	1,131,000	1,131,000

APPENDIX 3

SECTION 106 DEVELOPERS CONTRIBUTIONS SUMMARY 2022/23 TO 2026/27				All amounts are in £			
Project Number	PROJECT	Original Estimate 2022/23	Revised Estimate 2022/23	Anticipated Payments			
				E estimate 2023/24	E estimate 2024/25	E estimate 2025/26	E estimate 2026/27
	<u>General Fund Schemes</u>						
6571	Southwood SANG S106				450,000		
6619	- Park and Open Spaces - Southwood Play Area		175,000				
TOTAL SECTION 106 DEVELOPERS CONTRIBUTIONS		0	175,000	0	450,000	-	-

APPENDIX 3

CUSTOMER EXPERIENCE & IMPROVEMENT PORTFOLIO CAPITAL PROGRAMME 2022/23 TO 2026								All amounts are in £
1 of 1				Anticipated Payments				
Project Number	Project	Original Estimate 2022/23	Revised Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	
	COMPUTER SYSTEMS							
730540012	IT Equipment Replacement	265,000	265,000	221,000				
750040224	PCI Compliance (s)							
730740012	Telephony Replacement Project							
	COUNCIL OFFICES							
5303	Office Accommodation	40,000	40,000	74,000	59,000			
	TOTAL	305,000	305,000	295,000	59,000			
Notes:	(bc) denotes projects which are subject to further business case and presentation to Cabinet							
	(s) denotes projects which include slippage from 2021/22 into 2022/23							

APPENDIX 3

MAJOR PROJECTS AND PROPERTY PORTFOLIO CAPITAL PROGRAMME 2022/23 TO 2026/27							All amounts are in £	
1 of 1				Anticipated Payments				
Project Number	Project	Original Estimate 2022/23	Revised Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	
	ALDERSHOT TOWN CENTRE PROJECTS							
5409	The Galleries Regeneration (bc) (s)	3,000,000	3,000,000	3,400,000				
5404	Adlershot Forecourt Improvement	550,760	550,760					
	CMC QUARTER FARNBOROUGH							
5405	REGENERATION - Farnborough Leisure Centre demolition (s)	627,514	791,296					
5405	REGENERATION - Farnborough Leisure Centre Feasibility and design work	2,000,000	2,000,000	1,600,000	400,000			
	HOUSING MATTERS							
5406	Housing PRS Delivery (bc) (s)	6,751,139	6,751,139	5,893,899	4,068,425			
	PROPERTY AND ASSETS							
5202	The Meads (s)		350,000	10,502,000				
	Briardiff Feasibility		75,000					
Notes:	(bc) denotes projects which are subject to further business case and presentation to Cabinet							
	(s) denotes projects which include slippage from 2021/22 into 2022/23							

APPENDIX 3

MAJOR PROJECTS AND PROPERTY PORTFOLIO CAPITAL PROGRAMME 2022/23 TO 2026/27							All amounts are in £	
2 of 2				Anticipated Payments				
Project Number	Project	Original Estimate 2022/23	Revised Estimate 2022/23	E stimate 2023/24	E stimate 2024/25	E stimate 2025/26	E stimate 2026/27	
	PROPERTY ENHANCEMENTS							
5313	Property Services Capital R&M schemes (bc)	500,000	500,000					
tba	Ashbourne House	51,000	51,000					
tba	Frimley 4 Business Park Unit 4.3 E nhancement Works	100,000	100,000	272,000				
tba	Frimley 4 Business Park Unit 4.4 E nhancement Works							
5316	Hawley Lane	500,000	500,000	390,000				
	UNION STREET ALDERSHOT							
5407	Union Yard - Party Wall (s)		262,334					
5407	Union Yard Aldershot Regeneration	20,950,000	21,488,266	18,238,266	2,019,924			
5407	Union Yard - Commercial Settlement		783,000					
	Union Yard - Contingency			1,600,000				
	TOTAL	35,030,413	37,202,795	41,896,165	6,488,349			
Notes:	(bc) denotes projects which are subject to further business case and presentation to Cabinet							
	(s) denotes projects which include slippage from 2020/21 into 2021/22							

APPENDIX 3

OPERATIONAL SERVICES PORTFOLIO CAPITAL PROGRAMME 2022/23 TO 2026/27							All amounts are in £	
1 of 2	Project	Original Estimate 2022/23	Revised Estimate 2022/23	Anticipated Payments				
Project Number				Estimate 2023/24	E stimate 2024/25	E stimate 2025/26	Estimate 2026/27	
6507	CCTV Camera and Network CREMATORIUM Design and Construction DEPOTS	400,000	400,000	400,000				
			50,000	750,000	2,500,000	274,000		
Notes:	(bc) denotes projects which are subject to further business case and presentation to Cabinet							
	(s) denotes projects which include slippage from 2021/22 into 2022/23							

APPENDIX 3

OPERATIONAL SERVICES PORTFOLIO CAPITAL PROGRAMME 2022/23 TO 2026/27				All amounts are in £			
2 of 2				Anticipated Payments			
Project Number	Project	Original Estimate 2022/23	Revised Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
	MANOR PARK						
	PARKS & OPEN SPACES						
6612	Southwood Play Area (s106)		210,000				
	PLAYGROUND WORKS						
6610	Recreation Ground Playground Renewal (bc) (s)						
	REFUSE/RECYCLING						
6517	Domestic Refuse - Wheeled Bins	100,000	100,000	120,000	120,000	120,000	120,000
6620	Domestic Refuse - Food Waste Containers and Liners	5,000	5,000	7,000	7,000	7,000	7,000
	Food Waste Vehicles (s)		235,000				
	SOUTHWOOD SANG VISITOR CENTRE						
tba	Southwood SANG (S106)						
tba	Southwood SANG Visitor Centre and Café	685,000	853,597		450,000		
	IMPROVEMENT GRANTS						
640050013	Disabled Facilities Grants	1,080,510	1,914,648	1,111,000	1,111,000	1,111,000	1,111,000
640050022	Home Improvement Grants	50,000	50,000	50,000	50,000	50,000	50,000
	TOTAL	2,300,510	3,818,245	2,438,000	4,238,000	1,562,000	1,288,000
Notes:	(bc) denotes projects which are subject to further business case and presentation to Cabinet						
	(s) denotes projects which include slippage from 2020/21 into 2021/22						

PLANNING & ECONOMY PORTFOLIO SUMMARY 2022/23 TO 2026/27

No Capital Schemes

STRATEGY FOR THE FLEXIBLE USE OF CAPITAL RECEIPTS 2023/24

The strategy has regard to the Guidance on the Flexible Use of Capital Receipts issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003 during March 2016, including only those projects which are designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services.

Projects included in the strategy support the Council's ICE Modernisation Programme and progress will be monitored regularly as part of the Council's review of performance against top line priorities and budget monitoring.

The Guidance on the Flexible Use of Capital Receipts allows set-up and implementation costs to be counted as qualifying costs, however the on-going revenue costs of new processes or arrangements cannot.

As part of the Local Government Settlement, the Communities Secretary for Ministry of Housing, Communities and Local Government announced on 13 December 2018 that there would be a continuation of the capital receipts flexibility programme. Should future projects be identified alongside suitable asset sales, this will be presented in a revised strategy.

Service reform projects can still be financed in whole or in part from other sources e.g., the Service Improvement Fund. The Council is not obliged to fund these projects from capital receipts, however, on the adoption of this strategy, will have the option to do so.