Appendix A

Lewes District Council

Medium Term Financial Strategy

And

Budget Setting Strategy

1. Introduction

This Medium-Term Financial Strategy (MTFS) is a summary of the Council's key financial information, including the budget challenges over the period 2022/23 to 2024/25 and our approach to addressing them.

It sets out the approach to establishing a sustainable and resilient financial base to support delivery of Council policies and priorities. It also highlights the financial risks and issues which have to be tackled, including ongoing reductions in Government funding.

In September 2020 Cabinet approved the previous version of the MTFS which was based on the objectives of the Corporate Plan. It set out the latest resource projections and estimates of expenditure. This document refreshes and updates MTFS forecasts in anticipation of service & financial planning for 2022/23.

Key changes since the February 2021 budget report include:

- Updated forecast for the assumptions for Recovery and Reset Programme of Savings and additional Income
- Updated forecast for pay, cost inflation and to reflect the outturn position for 2020/21;
- Updated forecasts for council tax and business rates income following confirmation of the measures announced by the Government to mitigate COVID-19 impacts on the collection fund;
- Updated forecast for borrowing costs to reflect the Capital Programme outturn; and
- Updated assumptions on continuation of the additional Government grants awarded in the 2020/21 settlement.

The draft budget report later this year will set out the detailed actions required to deliver a balanced budget for 2022/23 onwards that is consistent with the direction and objectives set out in this MTFS.

2. Medium Term Financial Strategy Objectives

The objectives of this MTFS are to help us:

- Provide a robust financial framework to assist decision-making processes;
- Manage council finances within the context of a forward-looking service & financial planning framework;
- Prioritise resources to align spending plans with our vision and strategic objectives and resident priorities;
- Recognise the ongoing funding challenges that will need to be addressed through changes to how services are delivered, realising new sources of income and delivery of cashable budget savings, or a combination of all three;
- Maintain council tax resource levels;
- Maintain a balanced budget and continue to strengthen that position;
- Maintain the General Fund reserve at a minimum of between £3m - £5m to cover significant unforeseen expenditure;
- Maintain Earmarked Revenue Reserves for specific purposes, consistent with achieving our priorities and managing risks. The use of Earmarked Revenue Reserves will be in line with the Reserves Policy at Appendix 1 and will be reviewed annually;

- Help confirm the affordable level of capital investment required to support our strategic and financial priorities while remaining within prudential borrowing and affordability limits;
- Ensure that fees and charges are set at an appropriate level and that they take into account comparative levels of charge and ability to pay, in line with the Policy at Appendix 2;
- Demonstrate probity, prudence and strong financial control;
- Manage financial risks;
- Continually review budgets to ensure resources are targeted on key objectives;
- Continue to improve our approach to commissioning and procurement to ensure value for money for local taxpayers;
- Support new ways to ensure financial sustainability and maximise income to deliver our priorities ;
- Pursue opportunities for securing external funding; and
- Support opportunities for working in collaboration with partners where this will support our priorities and improve service value for money.

3. Medium Term Financial Strategy Priorities

In considering future budget projections, it is recognised that there are unknowns which could impact upon forecasts. The MTFS is not a static document but rather one that is constantly evolving as the environment around it changes. Some of the key risks and sensitivities which need to be monitored are set out below.

- **Economic conditions**. The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model;
- **Impact of the COVID-19 Pandemic**. The latest assessment of the potential financial impacts for this Council is set out below;
- **Government Finance Legislation**. There are key pieces of Government legislation which will impact upon the future financial position of the Council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the Governments current Fair Funding Review of local Government finance which has been delayed but it is still due to be introduced at some point in the future;
- **Other Government Legislation**. There are a significant number of political initiatives particularly in relation to localisation and the role of local Government. These will need to be assessed for their relevance to Lewes and the impact on future finances;
- **Buoyancy of Income Streams**. These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored;
- **Strategic Investments**: The Council is looking to continue to optimise financial returns while at the same time supporting the delivery of housing and regeneration priorities;
- **Commercial Ventures**: The Council will seek to take advantage of commercial opportunities wherever possible to cover costs and to review our fees and charges in order to maximise income in line with corporate objectives.
- **Using Reserves in a sustainable and prudent manner** to support the Council's strategies and priorities. This will be supported by the Reserves Policy which is set out at Appendix 1. It is recognised that reserves can only be used on a 'one off'

basis. However, they can play an important part in supporting initiatives or investments which can deliver future benefits;

- **To maintain the Council's financial standing** it is important that it continues its proactive approach to Service & Financial Planning and ensures that budget plans are deliverable and that investments are focussed on securing our financial health; and
- **To continue to monitor any potential financial impacts of Brexit** following approval of the Withdrawal Agreement Act in January 2020.

4. Medium Term Financial Strategy

Context

Service & financial planning takes place within the context of the national economic and public expenditure plans; this MTFS has been formulated within the context of the current UK economic position, continued reductions on local government funding and political uncertainty surrounding the shape of Brexit and the impacts of the COVID-19 pandemic on council finances and the wider economy.

In response to this financial challenge, local government has innovated, streamlined services and increased productivity. The Government's plans to devolve more responsibilities through the localisation of business rates has been delayed (date to be confirmed), however the detail as to whether councils will be required to take on additional responsibilities remains unclear. The devolution of business rates is intended to be fiscally neutral but how this will work in practice is currently being developed alongside the Fair Funding Review. These changes will bring both risks and opportunities.

The Economy and Public Spending

There is now considerable uncertainty in financial and economic forecasts. In June 2021 the Office for National Statistics (ONS) reported

- The UK economy, measured by gross domestic product (GDP), is estimated to have contracted by 1.6% in Quarter 1 (Jan to Mar) 2021. The level of GDP in the UK is 8.8% below pre-pandemic levels at the end of 2019.
- Output, the total value of goods and services produced, fell by 2.1% in the services sector in Quarter 1 2021, compared with Quarter 4 (Oct to Dec) 2019. The largest contributors to this fall were from the education, wholesale and retail trade, and accommodation and food services industries, especially at the beginning of the quarter, in response to the tightening of coronavirus (COVID-19) restrictions.
- The national lockdown in January 2021 meant schools switched to remote learning while pubs and restaurants had to offer takeaway only. This resulted in the 14.7% fall in education output and 18.6% fall in accommodation and food services output in Quarter 1 2021.
- In contrast, the health industry experienced an increase in output in Quarter 1 2021, reflecting the inclusion of the impact of the NHS Test and Trace service and coronavirus vaccination programme.
- In May 2021, the public sector spent more than it received in taxes and other income requiring it to borrow £24.3 billion, the second-highest May borrowing on record.
- The public sector is still borrowing a substantial amount to support the economy. While May's borrowing was only around a half of that in May last year, it was still more than four times that of May 2019.
- Central government receipts were estimated to have increased by £7.5 billion in May 2021 compared with May 2020, reaching £56.9 billion. Of these receipts, taxes were

£41.4 billion, £6.0 billion more than in May last year and broadly in line with those of May 2019.

- Central government bodies were estimated to have spent £75.6 billion on day-to-day activities (referred to as current expenditure) in May 2021, £10.6 billion less than a year earlier but £17.3 billion more than in May 2019. Of this, the cost of the government's coronavirus job support schemes in May, scheduled to close in September 2021, was £5.2 billion, £11.7 billion less than a year earlier.
- In the financial year ending (FYE) March 2021 (April 2020 to March 2021), the UK public sector borrowed £299.2 billion, reduced by £4.0 billion from April's first provisional estimate but still the highest annual borrowing since records began in FYE March 1946. Official forecasts suggest that borrowing could reach £233.9 billion in FYE March 2022.
- Expressed as a ratio of gross domestic product (GDP), public sector net borrowing in FYE March 2021 was 14.3%, the highest such ratio since the end of World War Two, when it was 15.2% in FYE March 1946.
- The recent substantial increase in borrowing has led to a sharp increase in public sector net debt, which currently stands at 99.2% of GDP, the highest ratio since the 99.5% recorded in March 1962. In July 2021 the Office for Budget Responsibility (OBR) reported:
- After the second 'once in a century' shock in just two decades, our third Fiscal risks report focuses on three large, and potentially catastrophic, sources of fiscal risks.
- The pandemic could leave £10 billion per year in spending pressures and long-term economic scars.
- While unmitigated climate change would spell disaster, the net fiscal costs of moving to net zero emissions by 2050 could be comparatively modest.
- While interest rates touched historical lows during the pandemic, the public finances are increasingly exposed to future rate rises due to a higher debt stock and a shortening of its effective maturity. In summary they concluded that:
- Catastrophic risks are real and may have become more frequent;
- While it is difficult to predict when catastrophic risks will materialise, it is possible to anticipate their effects;
- There are advantages in preventing or halting a process that involves rapidly escalating costs early;
- When investing in risk prevention, governments have a tendency to 'fight the last war'; and
- In the absence of perfect foresight, fiscal space may be the single most valuable risk management tool.

Office for Budget Responsibility, Fiscal Risks Report, July 2021.

Interest Rates

Bank Rate has remained at 0.1% (July 2021) since it was cut in March 2020. In their June meeting the Monetary Policy Committee voted unanimously to keep interest rates on hold at 0.1% and the stock of sterling non-financial investment-grade corporate bond purchases at £20bn. However, they voted by a majority of 8-1 to maintain the existing programme of UK government bond purchases at £875bn. The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably.

TABLE 1:

FORECAST INTEREST RATES	June 2021	Dec 2021	June 2022	Dec 2022
Forecast Bank Rate	0.10	0.10	0.10	0.10

Source: Link Asset Management June 2021

Inflation
The annual inflation rate rose to 2.1% in the 12 months to May 2021, up from 1.5% to April and above market forecasts of 1.7%, with the main upwards contributor being clothing, motor fuels, recreational goods and meals & drinks consumed out. This is the first time that the measure has been above the Bank of England's 2% target since July 2019 and the highest figure since that same period. In a recent press release, the Bank of England noted 'financial market measures of inflation expectations suggest that the near-term strength in inflation is expected to be transitory.'

Table 2: FORECAST INFLATION (CPI)

FORECAST INFLATION (CPI)	2021/22 %	2022/23 %	2023/24 %	2024/25 %	2025/26 %
Forecast CPI	1.7	2.3	2.0	1.9	2.0

Source: Link Asset Management June 2021

Economic Growth
UK GDP grew by 1.5% in the three months April 2021, ending a three-period streak of contractions and in line with market expectations, a preliminary estimate showed. This is the first expansion since the three months to December 2020. The y/y figure rose to 27.6% for April 2021 compared to the 1.4% y/y growth in March 2021.

In the May Monetary Policy Report, the Bank of England revised its GDP growth forecasts upwards for Q2 2021 to 21.5% y/y from 17.6% y/y, but was likewise revised downwards to 7.1% y/y for Q2 2022 from 8.9% y/y.

Impact of COVID-19 The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09.

A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer.

The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy.

In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen.

Source: Link Asset Management June 2021

Potential ongoing implications of the COVID-19 pandemic for local government

- It may be harder to collect sums due, for example for council tax and business rates. Despite these increasing pressures, to date our performance on income collection remains relatively strong for council tax, but is behind target for business rates
- Increased demand for services to assist residents falling into hardship;
- Suppliers and contractors being at risk of liquidation, potentially affecting delivery of services;
- Cost inflation pressures may be greater than assumed; and
- Impacts on the Council's supply chain e.g. price increases, impacts on operational delivery of capital schemes, supplier workforce impacts. Local Government Funding The local government sector has been one of the areas hardest hit by the Government's deficit reduction plan.

For Lewes, Government Revenue Support Grant reduced from £2.1m in 2014/15 to nil by 2018/19. Over recent years the framework for local government funding has been subject to a sustained period of change and uncertainty:

- April 2011 – New Homes Bonus introduced
- April 2013 - Business Rates Retention introduced
- October 2015 – 100% BRR and Funding Review announced
- April 2016 – Government and LGA working groups set up and start meeting
- Early 2017 - Call for evidence on Fair Funding and Business Rates Retention consultation
- April 2017 – New Homes Bonus scheme changes
- May 2017 election – Business Rates Retention primary legislation falls; Fair Funding Review to continue
- Summer 2017 – announcement of move to 75% Business Rates Retention; confirmation of new Business Rates Baseline and continuation of Fair Funding Review – all for 2022/23
- July 2018 – new simplified Business Rates Reset first suggested
- December 2018 – no figures beyond 2021/22 available; indications that 'Negative Revenue Support Grant' will result in further funding reductions for councils
- December 2018 – new consultations on Fair Funding Review, Business Rates Retention and confirmation of a full Reset of Business Rates growth
- Spending Round19 – one-year settlement for 2021/22 only
- Spending Review20 (SR20) – delayed to autumn 2020 due to the Government's COVID-19 pandemic response - focussed on prioritising funding to support the ongoing response to the pandemic to:
    - control and suppress the virus;
    - increase support to public services; and
    - support jobs and businesses.
- Provisional Local Government Finance Settlement 2021/22 - published in December 2020. Covers one year only; based on Spending Review20 (SR20) funding levels.

There remains a commitment from the Government to return to multi-year settlements at some point but that is likely to depend on whether COVID-19 continues to have significant impacts on local government finances during 2021/22. The main points are set out below:

- **Council Tax** – the council tax referendum limit is 2% for lower tier authorities; it was confirmed that districts would be allowed to apply the higher of the referendum limit or £5;
- **Business Rates Retention** – the business rates multiplier was frozen for 2021/22 instead of increasing in line with inflation. In light of this, business rates is only assumed to increase by 1% per annum.

However, the Under-Indexing Multiplier Grant has been increased to ensure that local authorities' shares of NNDR income is not impacted;

- **Top Up/Tariff Adjustments** ('Negative RSG') – as in previous years, the Government eliminated the negative RSG impacts;
- **Lower Tier Services Grant** – a new un-ringfenced lower tier services grant of £111m was announced in the Provisional Settlement. The purpose is to ensure that no authority has a total Core Spending Power less than in 2020/21. It is assumed that this will only apply for 2021/22;
- **New Homes Bonus - 2021/22** allocations to be paid with the legacy payments due from previous years (2018/19 and 2019/20 with no legacy payments for the new 2021/22 in-year allocations and no legacy payment was paid for 2020/21. The 'deadweight' of 0.4% was maintained;
- **Rough Sleepers** - £750m, a 60% increase on the previous spending review;
- **Troubled Families Programme** - £165m;
- **£4bn 'levelling up' fund** (UK Shared Prosperity Fund) - local areas can apply directly with the focus on town centre regeneration and culture;
- **Redmond Review of external audit** - £15m allocated to implement the review recommendations (audit fee increases);
- **COVID-19 Funding** – £2.2bn of funding was announced in SR20 to support local government in 2021/22. To include:
    - o Hardship Grant – Tranche 5 (£1.55bn) 11 o Local Council Tax Support Grant (£670m) to help fund the expected increase in demand for local council tax support in 2021/22
    - o Sales, Fees and Charges compensation scheme (Q1 2021/22 only);
    - o Tax Income Guarantee Scheme (£790m estimated) to fund 75% of irrecoverable losses in council tax and business rates (in addition to the 3-year collection fund spreading arrangements).

  Recent funding announcements include:

    - o a further £400 million through the Contain Outbreak Management Fund (COMF) which is now being paid direct to lower tier councils (previously distributed via East Sussex Country Council. This funding is to help local authorities contain local outbreaks, reduce transmission and protect the vulnerable; and
    - o Restart Grants worth up to £18,000, further Additional Restrictions Grant funding and extension of rates reliefs for businesses.
- Local Government Funding Reform – no papers were published relating to the Review of Relative Needs & Resources (Fair Funding), the Business Rates Reset and the Business Rates fundamental review. The Provisional Settlement confirmed that it remains the Government's intention to implement these reforms in 2022/23 but it remains uncertain whether they will be able to do so under the current circumstances. Consultations and announcements over recent months have covered the following aspects of local government funding:

Fair Funding Review

- Intended to be introduced in 2021/22, but delayed once more as a consequence of the COVID-19 pandemic. The Review will set new funding baselines and confirm any transitional arrangements:

Business Rates Growth: Reset and 'Alternative' System

- The Government's stated aim is to balance risk and reward through a system of Resets, Safety Nets, Levies, Tier Splits and Pooling. Also, to simplify the system by looking again at appeals, while addressing income volatility and introducing more simplification. This too has been put back (new date to be confirmed):

Business Rates Revaluation

- Delayed by an additional year to 2023 as a consequence of the COVID-19 pandemic:
- In June 2021 the Government launched a consultation on revaluations taking take place every three years instead of the current system of every five years:

New Homes Bonus:

- Alongside the latest single-year allocation for 2021/22 the Government confirmed its intention to make further changes to the system, for example further changes to the methodology based on a reduced funding allocation and/or the allocation of higher amounts to fewer authorities (or lower amounts to many). Further information on the future of New Homes Bonus may be announced as part of Spending Review2:

Specific Grants:

- There is still an expectation that these will be rolled into the funding system when 75% business rates retention is introduced (date to be confirmed)
- The Tax Income Guarantee and Lower Tier Services Grant were introduced in 2021/22; for the purposes of this report these are assumed to cease in 2022/23:

Negative RSG Grant

- It has also not yet been confirmed when this will cease. Further information may be announced as part of Spending Review21; for the purposes of this report it is assumed to cease by 2024/25; and

Council Tax:

- There is a possibility of increased freedoms (primarily for social care precepting authorities). Further information may be announced as part of Spending Review21.

Local Government Funding – Current Position

The last three-year Spending Review was in 2015, covering the financial years 2016/17, 2017/18 and 2018/9. The anticipated 2018 Spending Review never took place and departmental budgets were instead 'rolled over' into 2019/20, while the Spending Review in 2019 was also cancelled and replaced by an interim Spending Round that set out current spending by departments for one financial year (2021/22) and capital investment plans for two financial years (2021/22 and 2022/23).

Spending Review20 was then delayed from July to November 2020 to enable the Government to remain focused on responding to the COVID-19 pandemic. Spending Review21 is expected in autumn 2021 and there is some speculation that this may be a multi-year settlement, however that is to be confirmed.

In June 2021 the Government launched a consultation which could see business rates revaluations take place every three years instead of the current five. The consultation is part of the fundamental review of business rates which the Treasury now indicated will not conclude in 2021 as previously planned, instead publishing 'preliminary conclusions in the autumn ahead of 'final conclusions' next spring. Between 1990 and 2010, business rates revaluations took place every five years. The 2015 revaluation was postponed until 2017 and in May 2021, the 2021 revaluation was postponed until 2023 to reduce uncertainty for businesses affected by COVID-19. The Treasury argues that making revaluations more frequent would ensure they better reflect changing economic conditions.

Service & Financial Planning:

Government Funding Assumptions For the purposes of preparing this MTFS and the draft 2022/23 budget the following has been assumed:

- No changes to total local government funding as a result of Spending Review21;
- The most far-reaching funding changes will be delayed until at least 2023/24;
- Council taxbase growth of up to 0.5% per annum and council tax increases continue to be capped at a maximum of 1.99% or £5; and a taxbase reduction of 0.5% as a result of increased Council Tax Reduction Scheme cases; and
- Funding from New Homes Bonus to cease after 2022/23 (no new allocations).

5. Corporate Plan Priorities - To Be Updated

The Council's Corporate Plan 2020-2025 sets out our priorities for the five year period, and explains how the Council will focus its resources and deliver services to those living, working and spending time in Lewes. This MTFS has been developed to align with the Plan vision and priorities.

Budget - Service and Financial Planning Process

The priorities that will be taken into account when preparing the draft Budget for 2022/23 are set out below:

- To ensure resources are aligned with the Corporate Plan priorities:
- To address the longer-term financial challenges forecast as a consequence of the COVID-19 pandemic.
- To maintain a balanced budget such that expenditure matches income from council tax, fees and charges, and government and other grants and to maintain that position:
- To set a rate for council tax which maximises income necessary to deliver our strategic objectives while ensuring that Government referendum limits are not exceeded. The percentage increase will be reviewed annually and be approved by Full Council:
- To maximise other income by setting fees and charges, where we have the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write-offs:
- To ensure a long-term sustainable view is taken of our investments and that appropriate risk analyses are used when considering new investments:
- To consider and take advantage of commercial opportunities as they arise to deliver new income streams; and
- To maintain an adequate and prudent level of reserves and regularly review their planned use and allocation to support delivery of our priorities.

Value for Money

The Council will assess and challenge the value for money (economy, efficiency and effectiveness) provided by each service through the service & financial planning process. Information about our performance compared to other councils across a range of published measures is published on the LGA website at https://lginform.local.gov.uk.

The Revenue Budget

The Revenue Budget comprises five 'building blocks' as follows:

- Net Cost of Services: These are the direct costs incurred in delivering services through the four Directorates, net of specific income generated by them:
- Central Budgets: These are costs incurred and income received that are not service-specific, e.g. capital financing costs:

- Sources of Funding: These income budgets are general, non-service specific income sources. They include other grant funding from Central Government and our share of Non-Domestic Rate income which includes the continued impact (benefit) of the one-off elimination of 'Negative Revenue Support Grant' that was announced by the Government in September 2019 and has continued in subsequent years pending the outcome of local government funding reforms:
- Council Tax: After the budget requirement has been established for the other blocks then the amount required by this Council from council tax can be calculated; known as the 'Demand on the Collection Fund'; and
- Contributions (to)/from Reserves: This relates to use of Earmarked Revenue Reserves, which have been allocated to fund specific purposes. The impact of the use of Reserves is a reduction in the total income demand on council taxpayers. It also refers to the use of funds from the General Fund Balance to support the annual revenue budget (nil in 2021/22).

6. Revenue Budget Outturn 2020/21

In February 2020 the Council set a net Revenue Budget for 2020/21 of £13.996m.

Service Budgets
The 2020/21 Original Budget for Services approved by Council in February 2020 was £12.076m. At 31 March 2021 the full year outturn was £13.871m against a revised net revenue budget of £13.746m resulting in an overspend of £0.125m (26%). However, this was offset by additional grants of £0.125m resulting in a balanced outturn overall.

The table below summarises the 2020/21 provision outturn reported to Cabinet in July 2021.

TABLE 3: REVENUE BUDGET OUTTURN AT 31 MARCH 2021

General Fund	**Original Budget**	**Current Budget**	**Actual**	**Variance**
	£000's	**£000's**	**£000's**	**£000's**
Corporate Services	5,525	4,646	4,773	127
Service Delivery	9,248	9,682	9,716	34
Regeneration and Planning	904	1,633	1,642	9
Tourism and Enterprise	434	452	602	150
Service Total	**16,111**	**16,413**	**16,733**	**320**
HRA Services	(4,035)	(4,177)	(4,195)	(18)
Total Net Cost of Services	**12,076**	**12,236**	**12,538**	**302**
Corporate Efficiency Savings	(1,144)	0	0	0
Cost of Financing & Interest income	1,050	1,050	268	(782)
Contingencies	342	0	0	0
Income Recovery	0	(800)	(726)	74
Adjustments to/(from) Reserves	1,672	1,260	1,061	(199)
Adjustment to/(from) Earmarked Reserves	0	0	730	730
Budget Requirement	**13,996**	**13,746**	**13,871**	**125**
Financing				
Council Tax	(7,796)	(7,796)	(7,796)	0
Business Rates	(5,417)	(5,167)	(5,191)	(24)
Government Grants	(783)	(783)	(884)	(101)
Total Funding	**(13,996)**	**(13,746)**	**(13,871)**	**(125)**
			Overall Net Position	**-**

The most significant Service Budget variances for the year are summarised below:

TABLE 4: MAJOR VARIANCES

Analysis of Major Variances	Variance £000's
Corporate Services	
Increased pension liability	113
Service Delivery	
Waste & Recycling – additional income & underspending	(122)
Rent Allowances / Rebates / Homelessness – increased bad debt provision/additional costs	1,077
Allocation of Emergency Covid-19 grant – offsetting additional costs in Services Delivery (rent allowances/rebates/homelessness)	(821)
Additional Covid-19 costs relating to Housing Services	41
Private Sector Leasing – reduced void repair costs	(84)
Licensing Act – reduced income	14
Solar Panel Trading Account – net income/reduced spend	(38)
Building Control – reduced income	33
Flood Defences – reduction in capital financing costs	(143)
Regeneration & Planning	
Business Strategy & Performance – reduced marketing spend	(40)
Planning Policy – reduced consultancy/fees	(135)
Planning Fees – reduced development fee income/additional CIL admin fees	35
Corporate Landlord – reduced rental income/business rates	417
Car Parks – reduced income	149
Public Conveniences – reduced running costs	(38)
Facilities Management – reduced operational spend	(344)
Economic Development – reduced specialist fees/contributions	(20)
Tourism & Enterprise	
Newhaven Fort – dangerous structure works	124
Arts Development – additional contributions	20
Leisure Trust – survey fees	25
Capital Financing & Interest	
Increased Interest Income	(222)
Reduced cost of financing	(560)
Reserves	
Adjustment to/(from) Reserves	(199)
New - Transfer to Income Protection	125
New – Transfer to Support Community Grant (£35k p/a over 3 years)	105
New - Transfer to Capital Financing	500
Financing	
Government Grants/Business Rates Income	(51)
Other Net Variances	39
Overall Net Position	-

The service & financial planning process for 2022/23 will include an assessment of whether any Service budgets require realignment to reflect historic outturn trends.

7. COVID-19 Expenditure and Funding

The 2020/21 financial year saw significant challenges with the impact of Covid-19 pandemic and associated lockdown. This has had an impact on the outturn position as a result of additional emergency spending and losses of income across many service areas. The overall impact against the revised budget, has seen increased net spend of £320K in service areas, however this has been negated by reduced cost of financing and additional interest income totalling £782K. The most significant cost increase related to housing services in terms of benefits and temporary accommodation (£1.077m). However, this was offset to a large degree (£821k) by the emergency Covid-19 government grant.

TABLE 5: COVID-19 Specific Government Grants

	£m
Local Authority Compliance and Enforcement	0.061
Hardship Funding – to support council tax benefit claimants	0.816
Local Restrictions Support Grant	0.557
Homelessness Support Grants	0.112
New Burdens Funding – for additional admin costs	0.170
Winter Grant Funding	0.009
Reopening the High Street Safely Grant	0.092
Clinically Extremely Vulnerable Funding	0.021
TOTAL	**1.838**

The majority of this funding was received direct from the Government, but some came via East Sussex County Council.

The general funding support from Government has comprised:

TABLE 6: COVID-19 General Government Funding Support

	£m
Sales, Fees and Charges Compensation Grant – representing c.65% of all losses incurred	0.726
Emergency Grant for general Covid expenditure	1.449
TOTAL	**2.175**

Overall, the additional demand from housing needs was met from the emergency government grant. The net impact of income losses was minimised as a result of additional income and further reduced expenditure. There were also savings due to the reduced cost of financing the capital programme and additional interest income.

The impact of ongoing under and overspending will be factored into the review of the Medium Term Financial Strategy, which will also take into account the on-going impact of the Covid-19 pandemic and lockdown.

Additional Government COVID-19 funding for 2021/22 includes a confirmed £0.494m grant for general COVID expenditure, and further contribution towards Sales, Fees & Charges losses in quarter one (assumed to be circa £300k).

Looking forward beyond 2021/22 there is still expected to be on-going pressure on housing needs and reduced income generally. Further Government funding is not expected. These factors create a funding gap over the medium term that will need to be met from the Recovery and Reset (R&R) savings.

8. Council Tax 2021/22

The referendum cap was confirmed with the Provisional Local Government Funding Settlement Announcement in December 2020, being the higher of 1.99% or £5.00 for district councils. £5 is to this Council's advantage as it yields a higher level of income. This was the approved recommended increase.

The Council Tax increase of £5 increased a Band D charge from £209.53 to £214.53, an increase of less than10 pence per week. The total income from council tax for this council therefore increased from £7.713m to £7.876m.

As reported to Cabinet in December 2020, the impacts of the forecast increase in the taxbase and reduction in collection performance for 2021/22 was -99.84 Band D equivalent properties, a reduction of 0.27% compared to 2020/21.

COVID-19 Impacts
As forecast, overall collection rates were lower in 20/21 due to the disruption caused by the pandemic; recovery action through the courts was not possible and Revenues team capacity was reduced due to the competing demands of processing business grants. Nevertheless, recovery performance in comparison to other councils remained strong.

During the year the Government introduced measures to help councils manage disrupted cashflows and to spread the Collection Fund deficit over three years to help offset the financial impacts of reduced income compared to the original budget.

TABLE 7: ANALYSIS OF COUNCIL TAX BY PRECEPTOR

Authority	Precept/Demand		2021/22 Band D Council Tax	Change over 2020/21	
	£	%	**£**	£	%
Lewes District Council:					
Council Tax Requirement (incl Special Expenses*)	7,875,697	9.80%	**214.53**	5.00	2.39%
Town and Parish Councils	4,343,466	5.40%	**118.31**	4.27	3.75%
Total Lewes District Council	**12,219,163**	15.20%	**332.84**	**9.27**	**6.13%**
East Sussex County Council	56,683,870	70.53%	**1,544.04**	52.02	3.49%
The Police and Crime Commissioner for Sussex	7,889,647	9.82%	**214.91**	15.00	7.50%
East Sussex Fire Authority	3,576,792	4.45%	**97.43**	1.90	1.99%
Total	**80,369,472**	**100.00%**	**2,189.22**	**78.19**	**3.70%**

*Special Expenses					
LDC Council Tax Requirement	7,875,697	-	214.53	5.00	2.39%
Less Total amount to be charged as Special Expenses	(640,614)	-	(17.45)	-	0.00%
Council Tax to be levied on all LDC taxpayers	**7,235,083**	**-**	**197.08**	**5.00**	**2.60%**

Local Council Tax Support Scheme
The Council currently funds c20% of council tax for eligible claimants. This reduction in income is taken into account when the taxbase is calculated as part of budget-setting. No general Government funding is provided; the costs fall on the General Fund.

The Council's Scheme is currently being reviewed and the proposal will be to increase the scheme to 100%. The annual impact of the increase will be approximately £113k. At present, this has not been incorporated into the MTFS projections as it is still subject to the outcome of consultation and approval by Full Council. If approved, in order to maintain a balanced budget, it would require a reduction in the planned contribution to the General Fund Balance currently forecast from 2022/23 onwards.

During 2021/22 the Government provided a one-off grant of £0.816m to help fund the potential additional costs of the scheme due to increased applicants following the pandemic. This is not expected to continue in 2022/23.

Council Tax Collection Performance 2020/21
This Council's collection performance for council tax in 2020/21 was 96.88% (97.34% in 2019/20); Each 1% increase in Council Tax generates £0.079m additional income for this borough. A £5 increase in 2022/23 would yield £0.184m additional income.

9. Business Rates (National Non-Domestic Rates)

In 2013, the Government introduced a scheme through which local authorities retain a proportion of any business rates growth above a set 'baseline'. The purpose was to give authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth.

While this scheme was broadly welcomed by the sector, there remain concerns over the potential volatility of this income stream due to the level of appeals; even a small variation in the overall revenue generated can result in a significant financial impact. Over recent years the Government has ben undertaking a review of how business rates will operate going forward and has stated its intentions to achieve 75% localisation of business rates.

The full impact of this cannot be assessed until the details of these changes are release by the Government.

Appeals
Business rate forecasts include an assessment of the likelihood of successful appeals.

Business Rates Collection Performance 2020/21
Collection performance for business rates in 2020/21 was 95.42% (96.51% in 2019/20).

These forecasts take into account the impacts of spreading 2021/22 collection fund losses over three years and the removal of one-off support measures after 2021/22.

COVID-19 Impacts
From the onset of the pandemic local businesses in the retail, hospitality, leisure and nursery sectors were awarded £11.093m in additional business rate relief as part of the Government's support to those parts of the economy that experienced the most significant impacts during lockdown.

As forecast, overall collection rates were lower in 20/21 due to the disruption caused by the pandemic; recovery action through the courts was not possible for several months and

Revenues team capacity was reduced due to the competing demands of processing business grants. Nevertheless, recovery performance in comparison to other councils remained strong.

Spending Review 20 in November 2020 confirmed that the Government planned to fund 75% of business rate and council tax losses for 2020/21. However, it was not until June 2021 that the methodology for the Tax Income Guarantee Scheme to be applied to business rates losses was finally confirmed. This significantly reduced compensation from the scheme for the majority of authorities compared with projections based on the Settlement announcement.

10. New Homes Bonus

The New Homes Bonus was introduced in 2011/12. Authorities are rewarded with a financial bonus, equal to the national average council tax on each additional property built which is paid for a number of years as a non-ring-fenced Government grant. 80%of the Bonus is paid to the district council and 20% to the county council. here is an enhanced payment for new affordable homes.

New Homes Bonus was revised for the 2017/18 financial year with the length of time it is paid reducing from six to five years (for the 2017/18 award) and to four years from 2021/22 onwards. A new ‘baseline’ of +0.4% growth was also introduced before any Bonus is paid. The retained funds were used by the Government to support authorities with adult social care responsibilities.

The Government originally set out its intention to end New Homes Bonus as part of the Fair Funding Review. The objective is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail and timing remain unclear due to the delay in the Fair Funding review.

11. Revenue Reserves

The Council holds Reserves to provide protection against financial risks. Our current level of reserves provides a relatively secure financial base; it is important to ensure an appropriate balance between securing the financial position of the Council and investing in delivery of services.

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies;
- A means of building up funds to meet known or predicted liabilities; and
- A means of setting aside sums for future identified uses and / or investments

There is an opportunity cost of holding reserves in terms of restricting capacity to invest in current service delivery but this is offset by the additional flexibility that reserves provide when manage budget risks and adverse variations.

Our Reserves Policy is set out at Appendix 1 with details of revenue reserve balances held at 31 March 2021 in the following table.

TABLE 8: REVENUE RESERVES AS AT 31 MARCH 2021

Reserves Summary	**01 April 2020 £000's**	**Transfers (In) £000's**	**Transfers /Out £000's**	**Transfers to Capital £000's**	**31 March 2021 £000's**
Asset Maintenance	(2,200)	0	300	367	(1,533)
Economic Regeneration	(1,666)	(721)	328	0	(2,059)
Managing In-Year Economic Downturn	(296)	0	296	0	0
Revenue Grants & Contributions	(503)	(539)	0	0	(1,042)
Strategic Change	(1,265)	(49)	300	106	(908)
Vehicle & Equipment Replacement	(751)	0	0	191	(560)
Business Rate Equalisation	0	(965)	104	0	(861)
Covid-19	0	(1,800)	1,800	0	0
Income Protection	0	(125)	0	0	(125)
Capital Financing	0	(500)	0	0	(500)
Community Grants	0	(105)	0	0	(105)
Total Earmarked Reserves	**(6,681)**	**(4,804)**	**3,128**	**664**	**(7,693)**
General Fund Reserve	(3,425)	(1,000)	885	0	(3,540)
Total Reserves	**(10,106)**	**(5,804)**	**4,013**	**664**	**(11,233)**

The level of reserves will be reviewed during the service & financial planning process with the aim of presenting the recommended use of reserves in 2022/23 onwards as part of the Council's budget report. This will include an assessment of the adequacy and allocation of current reserves and the associated risks and opportunities.

General Fund Balance
The General Fund Balance Reserve is held to manage the impact of any unexpected events/emergencies. The Section 151 Officer is required to review the level of the General Fund Balance annually in relation to the overall financial position of the Council. CIPFA guidance on Local Authority Reserves and Balances (2003) and the Local Government Act of 2003 do not recommend a specific value or budget %.

The Council's Section 151 Officer considers the minimum working balance of between £3m-£5m as the minimum level required. This minimum level will be reviewed again as part of 2022/23 service & financial planning.

Earmarked Revenue Reserves
Earmarked Revenue Reserves may be used as part of a planned process to balance the budget in order to avoid short term actions which may not be in the best interests of the Council.

They also allow funds to be set aside for specific purposes, often spanning more than one financial year.

Opportunity Cost of Holding Reserves

The opportunity cost of holding reserves has to be considered. Unused balances are used to either reduce temporary borrowing or are invested to generate income. In measuring the opportunity cost of holding reserves, consideration needs to be taken of the interest earned. The opportunity cost of holding reserves is therefore a judgment whether the 'worth' of expenditure foregone is more than the income generated.

Given the current economic climate it is a balanced judgement as to whether to invest / spend reserves or to retain them.

Assessing the Adequacy of Reserves

The Chartered Institute of Public Finance and Accountancy (CIPFA) state that the Institute 'does not accept a case for introducing a statutory minimum level of reserves, even in exceptional circumstances. It does however confirm that authorities should make their own judgment on such matters, taking into account all relevant local circumstances on the advice of their Chief Finance Officer. The Local Government Act 2003 requires the Chief Finance Officer to formally report on the adequacy of the proposed financial reserves.

To arrive at assessing the adequacy of reserves a number of issues need to be addressed:

- What are the strategic, operational and financial risks facing the Council?
- Does the Council comply with the requirements to ensure that there is an adequate system of internal control?
- Are the key financial assumptions in formulating the Council's budget robust and reasonable?
- Does the Council have adequate financial management and cash flow arrangements?

In addition, there are a number of questions an authority can ask to demonstrate that it is managing its affairs satisfactorily:

- What is the track record of the Council in its budgetary and financial management?
- What is the Council's record regarding council tax collection?
- What is the Council's capacity to manage in-year budgetary pressures?
- What is the strength of the Council's financial reporting?
- What are the procedures to deal with under and overspends during and at the year end?
- In the case of Earmarked Revenue Reserves, will there be expected calls on the reserves that prompted the setting up of the reserves in the first place?

Finally, there is a need to look at the assumptions made in setting the budget, not just for the coming year but also under the MTFS. The budgetary assumptions cover:

- Inflation and interest rate projections;
- Estimate and timings of capital receipts;
- Treatment of planned efficiency savings; and
- Financial risks involved in major funding arrangements.

It is likely that the current allocation of funds to Reserves will have to be reviewed as part of the Council's response to any ongoing financial impacts of the COVID-19 pandemic.

12. Medium Term Financial Strategy Forecast 2022/23 onwards

An early review of Medium-Term Financial Plan budget forecasts has identified a number of new budget pressures that will need to be addressed through service & financial planning in 2022/23 onwards. They include:

- Making budget provision for future pay and pensions increases:
- Budgeting for the costs of approved borrowing to fund planned Capital Programme commitments:
- The impacts on available resources of Government funding reductions in future years, including the Fair Funding Review and Business Rates Reset:
- Revenue and capital budget growth to deliver priorities in the new Corporate Plan – details to be confirmed during service & financial planning; and
- The ongoing financial impacts of the COVID-19 pandemic; for example continued reductions in income forecasts and ongoing pressures in housing needs.

The service & financial planning process will focus on quantifying the impacts of these potential pressures as the details are confirmed; also identifying the new sources of income that are to be delivered to help address them.

The outcome of service & financial planning will be reported in December.

Revenue Budget-Setting Assumptions 2022/23

The following assumptions will be used during service & financial planning over coming months when preparing the draft Budget estimates for 2022/23:

Council Tax

- To increase by the referendum limit – assumed to be £5 for this report:
- Plus an increase to reflect forecast growth in the taxbase, but offset by a reduction as a result of increased Council Tax Reduction Scheme cases:
- The impacts of local discounts, exemptions and the local council tax support scheme will be taken into account when preparing income forecasts:

Government Funding

- Fair Funding Review will not take place in 2022/23

Retained Business Rates Income

- Reset of Business Rates will not take place in 2022/23

Fees & Charges

- The Council's Fees & Charges Policy is attached at Appendix 2. For budgeting purposes it is assumed that fees and charges will increase in line with the Policy and that all fees and charged will be reviewed to ensure they comply.

Investment Income and Borrowing

- Investments and borrowing will be forecast in line with forecast balances (reserves) and capital spending plans

Pay Inflation

- An allowance for a pay award will be included in the draft Budget, in addition to forecast contractual pay increases.
- This provides the option for pay rises but the specific rate of increase will be subject to established consultation processes.

Employer Pension Costs

- The approach will be consistent with the actions agreed following the latest actuarial review of the East Sussex Local Government Pension Fund at 31 March 2019; the outcome has been profiled into the budget for the three years to 2023/24.
- The 2019 valuation confirmed that the Fund's total assets, which at 31 March 2019 were valued at £3.633m. There was an improvement in the reported funding level from 92% to 107% and a change in the funding deficit from £240m to a surplus of £247m.
- Each employer has a contribution requirement set at the valuation, with the aim of achieving full funding within an agreed time horizon and probability measure, as set out in the Fund's Funding Strategy Statement. Individual employers' contributions for April 2020 to March 2023 have been set in accordance with this requirement.
- For Lewes the employer pension contribution rate is 20.65%, which is based on primary rate of 17.3%, secondary rate of 2.6%. and 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.
- The next actuarial review will be at 31 March 2022 and any budget implications will be built into budgets for 2024/25 onwards.
- National consultation is currently in progress regarding moving to a four-year revaluation cycle going forward.
- For 2021/22 this budget reflects the outcome of the 2019 Pension Fund Revaluation and the funding options offered to employers by the Fund.
- As part of budget-setting 2021/22 the approved approach was:
    - To maintain the primary employer contribution rate at 17.3% of salaries. This has been factored into the 2021/22 base budget.
    - To pay the secondary employer contribution rate at 2.6%
    - To pay the 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.
    - To plan to rebuild the Pensions Reserve ready for the next revaluation in 2022

Price Inflation

- The general assumption is that services should first seek to cover price inflation from their existing budgets, unless tied contractually to significant cost increases that warrant additional funding. Significant increases would be subject to approval of budget growth through the service & financial planning process

Forecast Budget Gap

The forecast budget gap over the next three years is set out below. The gap will need to be met from the delivery of the Recovery and Reset Savings. Further details are provided at Appendix 3.

TABLE 9: MTFS BUDGET GAP

	2022/23 £m	**2023/24 £m**	**2024/25 £m**
INITIAL FORECAST GAP	**1.532**	**1.535**	**1.525**
Less R&R Savings	(1.758)	(2.080)	(2.080)
Contribution to General Fund Balance	0.226	0.545	0.555
Net Balanced Position	**-**	**-**	**-**

The key factors that influence the forecast gap include:

Service Expenditure

- No new significant budget pressures have been identified to date but this will be subject to further review as part of the service & financial planning process.
- Legacy impacts of the COVID-19 pandemic, in particular on service income budgets, will become clearer when the second quarter's budget monitoring position is reported to Cabinet.
- While an estimate for the 2022/23 pay award has been included in modelling this is subject to negotiation and has to be considered in the context of the significant financial challenges faced over the medium term.

Employee costs comprise 25.7% of gross direct expenditure in the 2021/22 budget.

Service Generated Income

- Key income areas for the council are commercial property, car parks, green waste and trade waste. Whilst income has been impacted by the pandemic the MTFS assumes income levels will start to increase over the medium term.

Central Budgets

- Treasury Management costs over the MTFS period are in line and as a consequence of the borrowing requirement to fund the approved Capital programme.

Council Tax

- Council tax setting assumptions are based on a £5 and forecast movements in the taxbase.
- Legacy impacts the COVID-19 pandemic on recovery performance and council tax support demand have not yet been forecast; they will be considered when the taxbase for 2022/23 is prepared in the autumn.

National Non Domestic Rate (NNDR)

- Removal of Negative RSG Grant and the Business Rates reset are forecast to take place in 2024/25; they have the effect of negating the benefit of all forecast business rates growth over the MTFS period.
- Legacy impacts the COVID-19 pandemic on recovery performance have not yet been forecast; they will be considered when the final forecasts for 2022/23 are prepared in the autumn

Use of Reserves

- At present, the draft MTFS does not anticipated any use of the General Fund reserve to balance the budget. In fact, it is projecting annual surpluses. However, this will only be achieved if the savings identified by the Recovery and Reset Programme are delivered. Failure to do so will result in reserves needing to be used to balance future budgets. Therefore, delivery of the R&R savings presents a key risk in ensuring Reserves are maintained at a level appropriate for the Council.

Capital Investment Strategy

The latest Capital Investment Strategy is reported to Cabinet in February 2021 and sets out a framework for funding and investment decisions in respect of capital assets, in the context of our vision and priorities and available financial resources. The Capital Investment Strategy demonstrates that we take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

It sets out the long-term context in which capital expenditure and investment decisions are made and takes into account to both risk and reward and impact on the achievement of priority outcomes.

When setting its capital programme, each authority must have regard to:

- Service objectives – the capital spending plans should be consistent with the Corporate Plan;
  Stewardship of assets – as demonstrated by our asset management planning approach;
- The value for money offered by investment plans – as demonstrated by the appraisal of the options;
  The prudence and sustainability of investment plans – their implications for external borrowing;
- The affordability of capital investment plans – the implications for the council tax; and
- The practicality of capital expenditure plans – whether the forward plan is achievable.

Decisions on the Capital Programme have an impact on the Revenue Budget, in relation to:

- The revenue costs of financing capital, including prudential borrowing; and
- The ongoing running costs and/or income generated by new capital assets such as buildings. Capital investment decisions therefore have implications for the Revenue Budget.

The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within our financial plans and to demonstrate that the capital investment is affordable. Our revenue and capital budgets are integrated with the financial impact of the proposed Capital Programme, being reflected in the Revenue Budget estimates.

The Council will only invest where capital spending plans are affordable, prudent and sustainable. The key constraint on capital investment is the scope to afford the financial implications in terms of acceptable council tax levels. As supported by the Capital Investment Strategy, the Council's capital investment plans over the next 4 years are set out in the Capital Programme.

The efficient and effective use of capital resources, including sound asset management, is fundamental to achieving our long- and medium-term aims and objectives. It is also critical to achieving the delivery of the required savings and income across the Council to secure a balanced budget.

The Council's Capital and Investment Strategy is reviewed and reported to Full Council on an annual basis to reflect the changing needs and priorities of the Council including residents, businesses and places.

Medium Term Capital Programme

While Revenue Budget expenditure is concerned with the day-to-day running of services our Capital Programme is concerned with investment in the assets required to deliver services or delivery new income streams. The Medium-Term Capital Programme sets out how capital resources will be used to achieve our vision and corporate priorities.

The Council must have an affordable Capital Programme; affordability is assessed against business cases taking into account the level of future resources required to support project delivery and ongoing asset maintenance.

The strategic objectives of our Capital Programme can be summarised as follows:

- To maintain a four-year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits;

- To ensure capital resources are aligned with our strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology;
  To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams;
  To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets; and
- To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.
- That decisions on the financing of the capital programme are taken with consideration to the impact on the revenue budget, the treasury management strategy and the investment strategy.

Capital Programme 2021/22 to 2025/26

The Council forecasts its Capital Programme over a 4-year period and the latest position is set out in Appendix 5. This is currently a draft programme and will be reviewed and updated over the coming months as part of the budget process.

Capital Programme

Revenue Budget Implications.

As explained above, with the exception of earmarked s106 funds, the Council no longer has significant capital reserves, therefore, while a small number of schemes will be continued to be funded from capital grants and other contributions, the majority of the approved Capital Programme must be funded through prudential borrowing.

The costs of repaying this borrowing fall on the revenue budget as treasury management costs in Central budgets. Treasury management budgets have been updated to reflect the costs of borrowing for the approved Capital Programme for 2021/22 onwards net of interest on forecast balances and company loan repayments. Details are set out in the Treasury Management Strategy for 2021/22 that was approved in February 2021

Budget Uncertainties & Risks

While the approved budget for 2021/22 is robust, there remain, a number of uncertainties and risks to be addressed over the medium-term which are set out below.

The Economy:

- There is still uncertainty and a lack of confidence about the future of the economy as consequence of the COVID-19 pandemic and the UK's exit from the European Union;
- Preparations for exit continue and may affect investor confidence, whilst the lower value of the Pound may increase inflationary pressures;
- Any future economic slowdown nationally or globally - could result in lower income (through - for example - reduced discretionary spending or lower than anticipated recyclate prices) and increases in demand (benefits and statutory duties such as homelessness); and
- Any reduction in the number of employers in the Borough could also have an impact on our retained Business Rates income.

Future Government Funding:

- The outcome of the Fair Funding Review and Business Rates reset along with the end of Negative RSG Grant;
- The end of New Homes Bonus payments over the coming years will have an impact on reserves, but no direct budget impact; and
- The Homelessness Reduction Act requires Councils to provide more support to homeless people and people at risk of becoming homeless.

The Government has committed ring-fenced funding towards this duty but there remains a question mark over the longer term.

Recovery and Reset Programme:

- As previously highlighted, part of the Council's financial sustainability plans, the council will also need to deliver the saving identified in the Recovery and Reset Programme. This is critical to bridging the forecast budget gaps going forward after 2021/22.
- The latest update report was presented to Cabinet in July and can be found here: https://democracy.lewes-eastbourne.gov.uk/documents/s20368/Recovery%20and%20Reset.pdf
- The savings included in the MTFS reflect the latest position and an updated schedule is included at Appendix 4.

Corporate Plan:

- The Corporate Plan sets out the Council's vision and objectives over the medium term and will enable it to target its resources in the most efficient and effective way; and
- The main challenge, as ever, will be balancing our ambitions as a high performing council with our ability to resource those ambitions. The prioritisation of services like Housing Delivery and Environmental Sustainability will place new demands on existing resources. A combination of careful stewardship and an innovative approach to service delivery will be required to ensure that we achieve our goals.

Budget Risks:

- Given the uncertainty over future economic conditions and the business rates regime, it is prudent to maintain our capacity to protect services from unforeseen financial pressures. Once used, however, it may prove difficult to replenish reserves; and
- Despite significant improvements in recent years housing need remains a risk as the future economic downturns may increase the demand for additional housing support.

COVID-19 Pandemic

- The potential financial risks and uncertainties arising from the COVID-19 pandemic are explained in this MTFS and at Appendix 3.

MTFS and Budget Monitoring and Review

The updated MTFS position will be reported as part of the draft Budget report in December. The processes and procedures relating to the monitoring of the Revenue Budget and Capital Programme are set out in the Council's Financial Procedure Rules and supporting guidance.

Budget Equalities Impact Assessments

The annual service & financial planning reports include information about the equality implications of budget proposals. Where new service changes, projects or policies are proposed, equalities impact assessments will be carried out by the responsible officers.

Changes that affect Council staff will be discussed directly with individuals affected and with their representatives.

Budget Scrutiny

The annual draft budget proposals are considered by the Policy and Performance Advisory Committee in November and the conclusions and recommendations of the Committee are reported to the Cabinet for consideration when the final budget proposals are presented to them in February.

Consultation

The MTFS is published on the Council's website.

Service & Financial Planning Process and Timetable 2022/23

As explained above, this MTFS represents an overarching view of our finances and looks to anticipate future demands and pressures so that we can take timely decisions to secure financial sustainability.

The MTFS is supported by a number of key documents which contribute to management of the overall financial position. These are:

Revenue Budget Report Produced on an annual basis – draft in December and final in the following February. It sets out the plan for setting and managing a balanced budget for the following financial year. It is here the detailed decisions on revenue and capital expenditure are presented, including proposed budget savings and growth.

The recommended Budget is supported by operational budget detail that forms the basis for in-year budget monitoring and management.

Capital Programme

Sets out capital expenditure plans over the medium term. This is aligned with the Revenue Budget where it results in costs of borrowing and income streams. Capital Investment Strategy Updated on an annual basis and sets out the framework for investing in capital assets over the medium term.

Objectives:

- Ensure capital expenditure contributes to the achievement of the Council's organisational strategy
- Set a Capital Programme which is affordable and sustainable
- Maximise the use of assets
- Provide a clear framework for decision making and prioritisation relating to capital expenditure
- Establish a corporate approach to the review of asset utilisation Treasury Management Investment Strategy. Sets out the approach to managing the cash available to the Council and how to maximise its value. Also sets out the Council's investment and borrowing arrangements and controls.

Reserves Policy

Sets out the reasons for holding reserves and how they will be used, including financial limits where appropriate. The Policy is attached at Appendix 1.

Fees & Charges Policy.

Sets out a corporate view of the fees and charges levied by the Council for consideration each year. The Policy is attached at Appendix 2.

Annual Council Tax Report approved by Full Council in February each year

Service & Financial Planning Objectives

The objectives for service & financial planning each year are to:

- Help Members determine budget priorities and their timing;
- Forecast the changes in demand for services and match demand with likely resources;
- Assess the likely implications of changes in legislation on resources;
- Model the future costs of alternative policies; and
- Provide a framework for programming activities by individual services.

CIPFA Financial Management (FM) Code

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision. The general financial management of a local authority, however, has not until now been supported by a professional code. The CIPFA FM Code was therefore introduced in October 2019 and will be applicable from 1 April 2021.

Work has already been undertaken to review compliance with the Principles and Standards in the Code and to identify any actions required to address any gaps identified. The outcome of the review was reported to the Corporate Management Team in June and progress is now being made to ensure full compliance.

CIPFA explain that reasons for introducing the Code include:

'… the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. There is much good practice across the sector, but the failures of a small number threatens stakeholders' confidence in local government as a whole. Most importantly, the financial failure of just one local authority is one too many because it brings with it a risk to the services on which local people rely….'.

The Code has several components, comprising:

- An introduction explaining how the FM Code applies, a principles-based approach and how it relates to other statutory and good practice guidance on the subject;
- The CIPFA Statement of Principles of Good Financial Management, the benchmarks against which financial management should be judged. CIPFA's view is that all financial management practices should comply with these principles; and
- The FM Code then translates these principles into financial management standards which will have different practical applications according to the circumstances of each authority and their use should therefore reflect this. The principle of proportionality is embedded within the code, reflecting the non-prescriptive approach adopted by CIPFA.

The Principles focus determining whether, in applying standards of financial management, a local authority is financially sustainable. They cover:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture;
- Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making;
- Adherence to professional standards is promoted by the leadership team and is evidenced;
- Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection; and
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

CIPFA Resilience Index

As part of the service & financial planning process officers undertake a financial resilience assessment by that considers principally whether the authority has in place a credible plan and planning process that gives confidence that it can deliver a sustainable budget over the medium term. The scope of this assessment includes:

- the authority's current financial position;
- an assessment of its future financial prospects;
- the extent to which the authority has embraced the financial resilience factors set out below;
- the key financial risks facing the authority, drawing on potential future scenarios including 'best' and 'worst' case scenarios – for the environment in which the authority operates and for the services that it provides;
- the use of independent, objective measures wherever possible to assess the risks to the authority's financial resilience and sustainability;
- the authority's understanding of the risks associated with all resources used for service delivery, including its workforce, its physical assets, its strategic business partners (including 'group' entities such as its companies), its information technology infrastructure, etc;
- the robustness of the plans that the authority has put in place to address these risks; and
- the capacity and capability of the authority, its leadership team and its officers to manage the authority's finances in a sustainable manner.

The assessment makes reference to the following:

- Medium-Term Financial Plan;
- Capital Investment Strategy;
- Treasury Management Strategy;
- Planned medium-term use of Reserves;
- the most recent Budget Report;
- approach to the service & financial planning process;
- Budget monitoring reports and out-turn reports and Statement of Accounts;
- Asset Management Plan; and
- Key governance documents, e.g. Annual Governance Statement, Risk Register, etc The Council's position at March 2021 against a range of financial measures

compared to similar councils is available online through the CIPFA Financial Resilience Index at https://www.cipfa.org/services/financial-resilience-index-2021/resilience-index-2021

Conclusion

This MTFS presents a summary of the key financial processes and policies that help us forecast the likely financial position that Council will be facing over coming years. It is the Council's primary financial planning tool and will form the basis for ongoing discussions throughout service & financial planning for 2022/23.

Appendix 1

RESERVES POLICY

Introduction

The establishment, monitoring and review of the levels of reserves and balances are an important element of the Council's financial management systems and financial standing. The Chief Finance Officer (Section 151 Officer) is required by law to formally report to the Council their opinion on the adequacy of the Council's reserves. Irrespective of this, a well-managed authority is clear about the reserves it needs now and, in the future, to support its service aspirations, while at the same time delivering value for money within a climate of significant resource pressure and economic/social risk.

This policy is introducing the following steps:

- Stronger budget management and variation control
- Ongoing monthly budget monitoring by budget managers
- Improved business case development and risk assessment, including provision of contingency and exit plans (projects, initiatives etc.)
- Review of reserves on a quarterly basis.

This Policy does not cover non-distributable reserves required to support financial accounting transactions e.g. the Revaluation Reserve, Capital Adjustment Account and Pension Reserve. (Non-distributable reserves are those that cannot be used for revenue or capital purposes.)

Reserves can be held for four reasons:

General Fund Balance

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies;

Earmarked Reserves

- A means of building up funds to meet known or predicted liabilities; and
- A means of setting aside sums for future identified uses and / or investments

What are Reserves?

There is no clear definition of reserves even though reference is made to reserves in legislation. The Chartered Institute of Public Finance and Accountancy (CIPFA) states 'amounts set aside for purposes falling outside the definition of provisions should be considered as reserves.' Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Generally, there are two types of reserves, those that are available to meet revenue or in some cases capital expenditure (Usable) and those that are not available to finance revenue or capital expenditure (Unusable). Useable reserves result from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. They can be spent or earmarked at the discretion of the Council.

The Council must manage its reserves in accordance with its strategic longer-term planning process. Policy principles:

- The General Fund Balance should be kept between £3m - £5m to cover any major unforeseen expenditure;
- The GF balance will be reviewed and monitored as part of the quarterly performance.
- A risk based approach to be embedded to the assessment of required reserves

- Earmarked revenue reserves will be maintained for specific purposes that are consistent with achieving Corporate Plan priorities and/or where they are required to account separately for Government funding streams;
- Reserves must only be used to fund one-off expenditure;
- General Fund Balance must not drop below £3m;
- Recurring expenses may only be funded from reserves if plans are in place to fund the ongoing costs and replenish the reserve within 12 months;
- Unplanned revenue income receipts will be held in a reserve pending future decisions as to their use; and

Maintaining a risk based financial resilience

The Council undertakes a risk-based assessment of its financial plans and the adequacy of its available reserves at least annually and as part of its budget setting process. The need to improve its financial resilience through increasing its unallocated working capital and general unallocated reserve is a key feature of the Council's MTFS process.

Use of Reserves

The S151 Officer will continue to be responsible for approving the use of reserves, which will be reported to Members for approval (where necessary) as part of the quarterly monitoring, budget setting and outturn reports.

September 2021 – Policy to be reviewed annually

Appendix 2

FEES & CHARGES POLICY

The Council’s Medium-Term Financial Strategy (MTFS) sets out our financial objectives to support delivery of the Corporate Plan. These plans remain challenging in the context of an uncertain economic future, on-going austerity measures, significant reductions in funding from Government and the move towards more locally-generated income streams.

In the future we will need to be financially more self-sufficient and less reliant on central government funding. Optimising the potential for increased income will be integral to supporting delivery of theMTFS. Seeking opportunities for income generation is a priority for the Council, alongside broader proposals for the trading and commercialisation of some services.

This Fees & Charges Policy outlines the key principles to be considered in charging for Council services in a transparent and consistent manner.

Scope

This Policy applies to the setting and reviewing of all fees and charges for Council services, where the Council has discretion to apply a charge and discretion over the level of charge applied.

The Policy excludes:

- Charges that are determined by Central Government;
- Council Tax;
- Business Rates;
- Property rents;
- Any charges where there are legal or contractual reasons for exclusion; and
- Any charges levied by Trading Companies or other third parties delivering services on behalf of the Council.

Application

Directorates should refer to this Policy when reviewing current charges or proposing new charges as part of the service & financial planning process for the forthcoming financial year, and for any other in-year consideration of service charging. Understanding the relationship between cost and charges is vital when determining charges for services and support and advice should be sought from the Finance team when applying this Policy.

Aims and Objectives

The overarching aim of the Policy is to embed a commercial approach to setting fees and charges. An aim of commercialism is to ensure the Council thinks consistently in a business-like manner and clearly articulates the costs and benefits associated with the activities it carries out.

The objectives of the Fees & Charges Policy are:

- To promote efficiency and support the commercialisation of our business in order to support the MTFS and deliver the Corporate Plan;
- To minimise the draw on local taxpayers of discretionary services and promote fairness by fostering a culture where discretionary services are supported largely by users rather than the council tax payer;

- To set a clear, flexible and equitable framework of standards and procedures for applying charges and fees to relevant Council services for both individuals and organisations. The level of charge will reflect the cost plus a return where this is permissible/appropriate; and
- To meet the aim of being ‘business like’ through service areas understanding and reviewing the costs and charges for their service areas.

Charging and Trading Legislation

The legislation and case law that governs Councils’ ability to charge and generate income is complex. Specific powers to charge for services are contained in a variety of local government statutes.

These include:

- Local Authorities (Goods and Services) Act 1970 – introduced powers for councils to enter into agreement with other Local Authorities and public bodies for the supply of goods and services.

Any agreement may contain such terms as to payment or otherwise as the parties consider appropriate;

- Local Government Act 2003 – added further opportunities to the above. This act enables councils to trade in activities related to their functions on a commercial basis and make a profit, which may be reinvested in services, through a trading company; and
- Localism Act 2011 – the General Power of Competence (GPC) introduced a power to allow councils to do anything that an individual may do.

However, for the purposes of charging, this should not exceed the cost of provision of the service in question, as operating for a commercial purpose (i.e. to make a profit) must be done through a trading company.

Standard Charging Principles

Standard principles will be applied to all fees and charges (within the scope of this Policy) set by the Council. Where a service plans deviate from these principles, the basis and reason for variation will be clearly documented and approved in accordance with the Council’s Constitution/scheme of delegation.

Services that have discretion over charging are encouraged to operate more commercially in order to maximise efficiency and reduce dependence on corporate funding support. The ability of services to operate in this way is dependent on services being able to set and amend their charges with a level of flexibility, including consideration of current market rates and demand for the service.

The Policy will also make decision making simpler and more timely. This Policy enables us to apply differential charging, discounting and alternative pricing structures in order to maximise commercial benefit and target service take-up. Individual service areas can vary charge rates on a case by case basis, taking into account relevant market rates and the need to maximise income and operate efficiently.

All fees and charges will:

- Demonstrate how they contribute to the achievement of corporate and service objectives;
- Maximise potential net income, to achieve financial objectives (i.e after costs of collection and market impacts have been considered), unless there is an explicit policydecision to subsidise a service;
  Be subject to equality impact assessment screening and consultation where appropriate;

- Minimise the costs of collection;
- As a minimum be increased annually from 1 April each year in line with Consumer Price Index (CPI) inflation increases (rate published for the preceding September each year); and
- Be subject to a scheduled review at least every 2 years.

Charging Models

When introducing or reviewing a charge the Council will follow one of two models:

Charge	Definition	Application
Direct Cost Plus	As a minimum the Council would recover the direct cost of providing the service plus wherever possible, a contribution to overheads. The level of overhead contribution is an operational decision, and will be dependent upon the particular circumstances and objectives.	This allows flexible pricing decisions to take account of external market conditions. For instance, there are circumstances where setting changes at a level more than full cost recovery may be appropriate (e.g. when trading with other local authorities or public bodies the Council is not limited in the amounts it can charge). This charging model also allows charges to be set below full cost recovery to achieve a particular objective – for example entering into a new market or attracting new business. However, in line with the Standard Charging Principles, the aim will always be to recover the full cost of a service over time.
Subsidised	A subsidised charge requires the Council to contribute to the direct cost of the service. Where the Council is not covering the direct costs of the service, it will require a contribution from the Council. All subsidies will be subject to the approval of the Executive.	This model provides the Council with the option to provide a service with full or partial subsidy. The level of subsidy will be determined by reference to the nature of the service and the rationale for any subsidy for example: • providing a public good • encouraging service take up • the user group's ability to pay. The financial impact of subsidy decisions on the budget will be identified both individually and collectively, and actively managed and reviewed.

Authority to Set and Vary Charges

The decision on charging levels will be based on the relevant charging method:

- full cost recovery,
- direct cost plus or subsidised.

All charging decisions must be made in accordance with the Council's Constitution (Budget and Policy Framework, Scheme of Delegation and Financial Procedure Rules) and be able to demonstrate consistency with our strategic priorities, policies and statutory obligations.

The decision to vary charges for existing chargeable services which are not subsidised is an operational decision, which will be taken by the appropriate Director/Head of Service in consultation with the Chief Finance Officer.

Policy Review This Policy will be reviewed periodically, taking into account developing Council policies and priorities and any changes in legislation.

September 2021 – Policy to be reviewed annually

LEWES DISTRICT COUNCIL

Appendix 3

MEDIUM TERM FINANCIAL STRATEGY - 2022/23 - 2024/25 DRAFT

	2020/21 £'000	2020/21R £'000	2020/21A £'000	2021/22 £'000	2021/22 R £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Corporate Services								
Corporate Efficiency Savings	-1,144	-844	0	-243	0	0	0	0
IT	1,300	1,371	1,088	1,283	1,283	1,309	1,335	1,362
CMT	376	379	609	351	351	358	365	372
Financial Services	926	456	395	701	701	715	729	744
HR	206	236	177	225	225	230	234	239
Internal Audit/Corporate Fraud	162	162	168	147	147	150	153	156
Local Land Charges	-72	-60	-85	-55	-55	-56	-57	-58
Legal	223	244	205	256	256	261	266	272
Local Democracy	766	731	761	607	607	619	632	644
Corporate Services	**2,743**	**2,675**	**3,318**	**3,272**	**3,515**	**3,585**	**3,657**	**3,730**
Service Delivery								
Account Management	248	311	219	251	251	256	261	266
Case Management	482	562	553	484	484	494	504	514
Customer Services	760	760	746	785	785	801	817	833
Head of Customer/Neighbourhood Services	426	425	355	386	386	394	402	410
Head of Homes First	22	30	18	-88	-88	-90	-92	-93
Head of Specialist & Support Services	63	60	34	54	54	55	56	57
Housing Needs and Standards	348	383	376	447	447	456	465	474
Neighbourhood Services	3,543	3,547	3,376	3,387	3,387	3,455	3,524	3,594
Specialist Services	1,004	1,852	1,752	1,725	1,725	1,760	1,795	1,831
Service Delivery	**6,896**	**7,930**	**7,429**	**7,431**	**7,431**	**7,580**	**7,731**	**7,886**
Regeneration & Planning								
Business Planning & Performance	618	564	540	534	534	545	556	567
Estates & Property	-514	74	354	-335	-335	-342	-349	-356
Planning	-40	-40	-152	-43	-43	-44	-45	-46
Regeneration	795	581	447	439	439	448	457	466
Regeneration & Planning	**859**	**1,179**	**1,189**	**595**	**595**	**607**	**619**	**631**
Tourism & Entreprise								
Tourism & Enterprise	434	452	602	445	445	454	463	472
Tourism & Entreprise	**434**	**452**	**602**	**445**	**445**	**454**	**463**	**472**
Net Cost of Services	**10,932**	**12,236**	**12,538**	**11,743**	**11,986**	**12,226**	**12,470**	**12,720**
Capital Financing & Interest	1,050	1,050	268	1,050	1,050	1,050	1,050	1,050
Contingencies	342	0	0	350	350	350	350	350
Income Recovery	0	-800	-726	-300	-300	0	0	0
Earmarked Reserves	1,672	1,260	1,791	1,181	1,181	812	828	845
General Fund Balance	0	0	0	0	261	226	545	555
	13,996	**13,746**	**13,871**	**14,024**	**14,528**	**14,664**	**15,243**	**15,519**
R&R savings	0	0	0	0	-998	-1,758	-2,080	-2,080
NET REVENUE EXPENDITURE	**13,996**	**13,746**	**13,871**	**14,024**	**13,530**	**12,906**	**13,163**	**13,439**
Financing:								
Council Tax	-7,713	-7,713	-7,713	-7,876	-7,876	-7,876	-8,060	-8,244
Council Tax Surplus	-83	-83	-83	-122	-122	0	0	0
Baseline increase	0	0	0	0	0	-39	-40	-41
Impact of increase in CTR	0	0	0	0	0	39	40	41
Council Tax Charge Increase	0	0	0	0	0	-184	-184	-184
Business Rates	-5,040	-4,790	-4,397	-3,602	-3,602	-3,674	-3,748	-3,822
Business Rates Surplus	-73	-73	-73	-553	-553	0	0	0
Business Rates - Newhaven Enterpise	-304	-304	-721	-796	-796	-812	-828	-845
Business Rates - Reset	0	0	0	0	0	0	0	?
New Homes Bonus	-439	-439	-439	-141	-141	-16	0	0
Lower Tier Services Grant	0	0	0	-96	-96	0	0	0
Emergency Covid Grant	0	0	0	-494	0	0	0	0
Other Govt Grants	-344	-344	-445	-344	-344	-344	-344	-344
TOTAL FINANCING	**-13,996**	**-13,746**	**-13,871**	**-14,024**	**-13,530**	**-12,906**	**-13,164**	**-13,439**
BUDGET SURPLUS (-) / DEFICIT	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Net Budget Gap before R&R Savings and Contribution to General Fund Balance	**1,532**	**1,535**	**1,525**

Appendix 4

RECOVERY & RESET PROGRAMME SAVINGS

	2021/22 £	2022/23 £
W21		
Southover House	0	150
Digital		
Digital Democracy	0	50
Reshaping Services		
HR reshaping	13	13
IT reshaping	54	54
Contract cleaning	50	100
Homes First reshaping	0	50
Environment First reshaping	50	100
Legal reshaping	0	50
CMT - deletion of post (PE)	20	20
CMT - deletion of EBC post (PF)	10	10
CMT - deletion of post (CK)	61	61
finance reshaping	0	20
additional income (various)	0	100
Facility management savings	0	200
RESHAPING TOTAL	**258**	**778**
Best Use of Assets		
Reduced costs/ increased income	40	80
Reduced costs of capital financiing	500	500
Income from interest	200	200
ASSETS TOTAL	**740**	**780**
TOTAL SAVINGS	**998**	**1,758**

DRAFT CAPITAL PROGRAMME 2021/22 to 2025/26

	Actual Expenditure 2020/21 £000's	Proposed Programme 2021/22 £000's	Proposed Programme 2022/23 £000's	Proposed Programme 2023/24 £000's	Proposed Programme 2024/25 £000's	Proposed Programme 2025/26 £000's
HRA HOUSING INVESTMENT CAPITAL PROGRAMME						
Acquisition and Construction of New Dwellings	6,980	18,812	9,330	4,100	4,100	
Improvements to Stock (Stock Condition Survey)	2,528	4,554	4,662	4,796	4,796	
Improvements to Stock (Non-Stock Condition Survey)	206	415	415	415	415	
Housing Estates Recreation and Play Areas	32	50	50	50	50	
Total HRA Capital Programme	**9,746**	**23,831**	**14,457**	**9,361**	**9,361**	
GENERAL FUND CAPITAL PROGRAMME						
Private Sector Housing	607	1,136	1,136	1,135	1,135	
Loans to Housing Companies	1	2,550	-	-	-	
Leisure Loan	500	-	-	-	-	**T**
Service Transformation/Integration Programme	458	-	-	-	-	**B**
Recovery & Reset	132	-	-	-	-	**A**
Recovery & Reset (additional)	-	555	-	-	-	
Regeneration	543	15,967	4,250	1,800	250	
Local Energy Schemes	-	3,000	3,000	4,000	-	
Service Delivery	232	227	227	227	227	
Specialist	135	436	236	236	236	
Information Technology	71	150	150	150	150	
Asset Management	595	2,125	1,230	1,330	1,300	
Community Infrastructure	1,408	890	900	900	900	
Finance Transformation	2	50	-	-	-	
Total General Fund Capital Programme	**4,684**	**27,086**	**11,129**	**9,778**	**4,198**	**-**
Total Capital Programme	**14,429**	**50,917**	**25,586**	**19,139**	**13,559**	**-**

Funding Availability	Actual Expenditure 2020/21 £0	Proposed Programme 2021/22 £0	Proposed Programme 2022/23 £0	Proposed Programme 2023/24 £0	Proposed Programme 2024/25 £0	Proposed Programme 2025/26 £0
HRA						
Capital Receipts	2,458	1,601	2,502	1,443	1,443	
Major Repairs Reserve	2,901	6,428	5,337	5,519	5,519	
Revenue Contributions	184	992	434	726	726	
Borrowing Need	4,202	14,810	6,184	1,673	1,673	
Total HRA	**9,746**	**23,831**	**14,457**	**9,361**	**9,361**	
General Fund						**T**
Capital Receipts	429	685	1,135	3,265	3,265	**B**
Grants & Contributions	2,488	8,147	3,137	2,136	933	**A**
Earmarked Reserves	669	1,335	150	150	-	
Revenue Contributions	216	-	-	-	-	
Borrowing Need	881	16,919	6,707	4,227	-	
Total GF	**4,684**	**27,086**	**11,129**	**9,778**	**4,198**	
Total Funding	**14,429**	**50,917**	**25,586**	**19,139**	**13,559**	