



# **2023/24 EMERGING BUDGET & MEDIUM FINANCIAL STRATEGY (work in progress)**

**Cabinet**

**Date 1<sup>st</sup> December 2022**

# Recommendation

Note the emerging Medium Term Financial Strategy and to recognise its challenges in preparation of the main budget setting process.

# Glossary of Terms

Net Cost of Services are direct costs incurred by the Council in delivering services, less any specific income generated

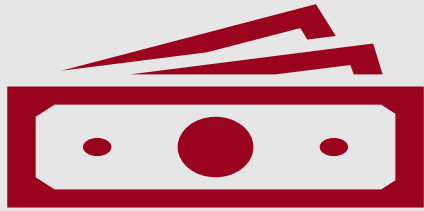
Central costs/income are non service specific items e.g. Pension Fund adjustments, interest income and payments

Contributions to/from Reserves is funding from Earmarked Reserves which have been allocated to fund specific purposes

Sources of External Finance includes funding from Central Government and Non-Domestic Rates Income

Council Tax – local tax on domestic properties which Hart collects on behalf of Hampshire County Council, Hampshire Constabulary, Hampshire Fire and Rescue, plus Town and Parish Councils

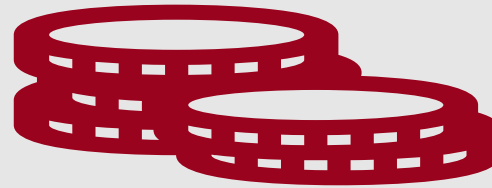
# Sources of Income



## Collection Fund

Council tax can be raised each year inline with Government guidelines.

Business Rates can be retained up to an agreed minimum safety net.



## Grants

Ring-fenced – used for a specific purpose

or un ring-fenced

Project grants – via an application

New Burdens – to cover additional work as requested by Government



## Income

Generated from:

Sales, Fees and Charges

Commercial ventures

# Building Blocks of Hart Finances

Net Cost of  
Services

Central Costs

Contributions  
to/from  
reserves

Sources of  
External  
Funding

Council Tax

# Potential Budget Pressures in 23/24

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Contract inflation increases – 10%+

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Staff Costs – 10% cost of living increase

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Energy Prices doubling

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Funding from Central Government declining



# Agreed Budget Savings in 23/24

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Budget Rebase

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5C Contract – fixed investment cost ends

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Reduced Leadership Team and Full Tier 2 deliverables

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Commercial Income

# Recap on Budget Rebase

## Simplifying

- Removing non-core service budgets

## Centralising

- Training, consultancy

## Classifying

- Agency, consultants, consultation

## Grants

- Forecasting grant awards as contribution to Service Delivery



2023/24  
Budget  
Pressures/  
Savings

£000	2023/24
Contract Inflation	703
Staff Costs	462
Energy Prices	76
Government Funding	561
Budget Rebase	(458)
5C Contract	(633)
Leadership Team	(120)
Commercial Income	(386)
<b>Net Pressures</b>	<b>205</b>

	Feb 22 Presented			Implemented Budget
	2022_23 Budget	Tier 1 Saving	Tier 2 Saving	2022_23 Budget
Net Service Budget	11,930	(335)	(202)	11,393
SANG Expenditure	567			567
<b>Cost of Service</b>	<b>12,497</b>	(335)	(202)	<b>11,960</b>
Debt Interest	12			12
MRP	642			642
New Homes Bonus	(1,604)			(1,604)
Lower Tier Grant	(62)			(62)
Services Grant	(95)			(95)
<b>Net Expenditure</b>	<b>11,390</b>	(335)	(202)	<b>10,853</b>
<b>Financed by:</b>				
Council Tax	(7,813)			(7,813)
Business Rates Retained	(1,400)			(1,400)
SANG Receipts	(567)			(567)
Tier 1 Savings	(335)	335		-
Tier 2 Savings	(202)		202	-
Commercial Income	(1,073)			(1,073)
<b>Total Financing</b>	<b>(11,390)</b>	335	202	<b>(10,853)</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	-	-	<b>0</b>

# MTFS Format Reconciliation

	New Format 2022_23 Budget	
External Finance	3,161	Business Rates +NHB + Grants
Council Tax	7,813	
<b>Total Funding</b>	<b>10,974</b>	

<b>Baseline NCS 2022/23</b>	<b>11,960</b>	
Budget Adjustments:		
Central Budgets	2,156	} MRP + Debt Interest + SANG Reserves
Reserves	(2,069)	
Income Generation	(1,073)	
<b>Total Budget Requirement</b>	<b>10,974</b>	

0

# Updated MTFS at 31.10.22

	2022-23	2023-24	2024-25
	£000	£000	£000
External Finance	3,161	2,600	2,400
Council Tax	7,813	7,940	8,058
<b>Total Funding</b>	<b>10,974</b>	<b>10,540</b>	<b>10,458</b>

	2022-23	2023-24	2024-25
Baseline NCS 2022/23	11,960	10,975	10,951
<b>Budget Adjustments:</b>			
Savings		(458)	
Pay & Price rises		929	494
Central Budgets	2,156	3,544	3,550
Reserves	(2,069)	(2,908)	(2,908)
Income Generation	(1,073)	(1,335)	(1,340)
<b>Total Budget Requirement</b>	<b>10,974</b>	<b>10,745</b>	<b>10,747</b>

<b>(Surplus)/Deficit</b>	<b>0</b>	<b>205</b>	<b>289</b>
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# Options for bridging the budget gap

Fees &  
Charges

MRP Review

Treasury  
Management

Capital spend

Commercial  
Income

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# Feedback & Questions