

Customer Focus Scrutiny Committee

MTFP & Budget Setting

3 July 2025

Agenda

- What is the MTFP;
- Components of the MTFP;
- The Budget Gap;
- Risks;
- High Level Timetable
- Role of Scrutiny;
- Questions for Scrutiny.

What is the MTFP?

- High level forecasting tool to project Resources and Expenditure over the next four years;
- Uses a range of assumptions to project forward;
- Forecasts both funding and expenditure;
- Identifies the gap between funding and expenditure (if there is one).

Starting Point

Service Committee Net Expenditure

Net Interest

Revenue Contribution to Capital

Minimum Revenue Provision

General Fund Expenditure

Transfer To/(From) Working Balance

Transfer To/(From) Earmarked Reserves

General Fund Net Expenditure

Formula Grant

CIL income

Business Rates Growth

Extended Producer Responsibility

New Homes Bonus

Council Tax

2024/25 Budget	2025/26 Budget	Change
£	£	£
16,750,780	16,170,240	(580,540)
1,406,000	1,475,000	69,000
0	88,760	88,760
1,831,020	2,702,000	870,980
19,987,800	20,436,000	448,200
(1,313,430)	16,370	1,329,800
337,000	1,447,780	1,110,780
19,011,370	21,900,150	2,888,780
(6,291,000)	(5,931,000)	360,000
(781,000)	(798,360)	(17,360)
(4,283,880)	(5,382,000)	(1,098,120)
0	(1,410,000)	(1,410,000)
(485,920)	(872,000)	(386,080)
(7,169,570)	(7,506,790)	(337,220)
0	0	0

Working Balance

March 2025
4,057,560

March 2026
4,073,930



Funding

Components

Grants / Business Rates / NHB

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Business Rates	8.2	6.4	9.1	5.9	6.0
New Homes Bonus	0.7	0.5	0.9	-	-
Council Tax	6.7	7.0	7.4	7.7	8.0
Grants	1.6	2.0	1.2	1.6	1.1
Total Resources	17.2	15.9	18.6	15.2	15.2
<i>Annual % change</i>		-7.2%	16.8%	-18.2%	0.0%

Components

Council Tax Calculation

	2024/25	2025/26	2026/27	2027/28	2028/29
Total Band D Equivalents	40,046	40,874	41,283	41,696	42,113
Collection Rate	97.5%	97.5%	97.5%	97.5%	97.5%
Council Tax Base	39,045	39,852	40,251	40,653	41,060
Council Tax (Band D)	£180.37	£185.76	£191.31	£197.03	£202.93
Surplus/(Deficit)	127,014	103,692			
Council Tax Collected (£'000)	£7,170	£7,507	£7,701	£8,010	£8,332

Assumptions

- Taxbase increase of 1% annually;
- Council Tax increases by referendum limit annually (2.99%)



Expenditure

Components

Spending Pressures

	2025/26 £000's	2026/27 £000's	2027/28 £000's	2027/28 £000's
<u>Unavoidable or Already Committed from Previous Years</u>				
Fleet maintenance	95			
Living Wage	25	25	25	25
Housing Benefit Admin grant reduction	60	60	60	60
Pension Revaluation	36			
External valuations		(90)		
Business Rates revaluation	50	215		
	266	210	85	85
<u>New Revenue Bids - Recurring</u>				
PT Payroll Post	18			
Comms Post	58			
Communities posts - remove CIL funding	81			
PT Property Lawyer	38			
Insurance over inflation	70			
CCTV Maintenance	80			
Guildhall Surplus reduction (offset by earmarked reserve)	299			
	644	0	0	0
<u>New Revenue Bids - Non Recurring</u>				
	0	0	0	0
<u>Revenue Costs Arising from New Capital Bids</u>				
Unsupported Borrowing Costs of Capital - Repayment of Loan				
	0	0	0	0
TOTAL	910	210	85	85

Components

Inflation

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Pay								
Base 2021-22	27,695	524	1,066	1,487	1,190	1,014	1,044	7,401
One off catch up for higher award		998	837					1,835
Additional NI				723				
Supplies & Services								
General	1,134	1,082	1,130	1,190	1,226	1,262	1,300	8,325
Higher energy		1,737	(600)					
Income	(1,034)	(1,065)	(1,282)	(1,532)	(1,578)	(1,625)	(1,674)	(9,790)
	624	3,818	1,572	1,571	662	681	702	7,770

Assumptions

- Various assumptions around the pay award and general inflation

Components

Net Interest Position

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Interest received						
Prop Fund	(225)	(225)	(225)	(225)	(225)	(1,125)
DevCo						0
General	(1,700)	(1,400)	(1,300)	(1,200)	(1,200)	(6,800)
Other Interest	(4)	(39)	(39)	(39)	(39)	(160)
Interest Payable						
HRA / S106 / Trust Funds	1,006	805	800	750	750	4,111
DevCo Loan	81	80	79	78	78	396
Senate	134	131	127	123	123	638
Regus	65	63	60	57	57	302
Guildhall	761	751	741	731	731	3,715
Leisure Complex Loans	608	597	592	584	584	2,965
Riverside Loans						0
IFRS Lease		12	12	12	12	48
Fleet Lease	180	190	200	210	210	990
Waste Project						0
Short term borrowing		510	510	510	510	2,040
	906	1,475	1,557	1,591	1,591	7,120

Assumptions

- Interest rates to drop gradually to 3.5% and remain around this level.

Risks

- Housing Benefit – working age claimants transfer to Universal credit has been brought forward to 2026 – may increase reduction in Admin Grant.

High Level Timetable

- July - SMB review and sense check Service Review Proposals;
- Aug - Sept - Detailed workshops with SMB & Executive to establish & review proposals;
- Oct - Final Proposals;
- Nov - Dec - Detailed Budget Preparation by Finance Team;
- Jan - Set Taxbase & Business Rates;
- Jan - Informal Member Briefing;
- Feb - Budget to Executive, Combined Scrutiny & Council.

Role of Scrutiny

- Challenge Assumptions;
- Identify Missing Elements;
- Propose Solutions;
- Challenge Solutions.

Questions for Scrutiny

- Do you want to be part of the solution – i.e. attempting to identify ways of bridging the gap or
 - Member Working Groups etc;
- Do you want to scrutinise proposals at the end of process?
 - Probably need one more budget review meeting;
- What do you need to effectively challenge assumptions?
- What's missing – are there any further risks?