

Combined Scrutiny Committee

MTFP & Budget Setting

18 June 2024

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

	2023/24 Budget	2024/25 Budget	Change
	£	£	£
Chief Executive & Growth Director	1,111,510	1,156,000	44,490
Transformation	2,099,510	2,350,590	251,080
City Development	2,688,050	2,812,790	124,740
Communications, Culture & Leisure Facilities	6,521,180	5,849,580	(671,600)
Net Zero Exeter and City Management	3,731,390	5,451,200	1,719,810
Finance	111,470	1,271,680	1,160,210
Corporate Services	2,843,220	2,999,140	155,920
less Notional capital charges	(4,779,910)	(5,140,200)	(360,290)
<u>Service Committee Net Expenditure</u>	14,326,420	16,750,780	2,424,360
Net Interest	1,320,000	1,406,000	86,000
Revenue Contribution to Capital	0	0	0
Minimum Revenue Provision	1,694,670	1,831,020	136,350
<u>General Fund Expenditure</u>	17,341,090	19,987,800	2,646,710
Transfer To/(From) Working Balance	(386,640)	(1,313,430)	(926,790)
Transfer To/(From) Earmarked Reserves	424,000	337,000	(87,000)
<u>General Fund Net Expenditure</u>	17,378,450	19,011,370	1,632,920
Formula Grant	(5,856,570)	(6,291,000)	(434,430)
CIL income	(793,040)	(781,000)	12,040
Business Rates Growth	(3,272,000)	(4,283,880)	(1,011,880)
New Homes Bonus	(671,850)	(485,920)	185,930
Council Tax	(6,784,990)	(7,169,570)	(384,580)
	0	0	0

Working Balance

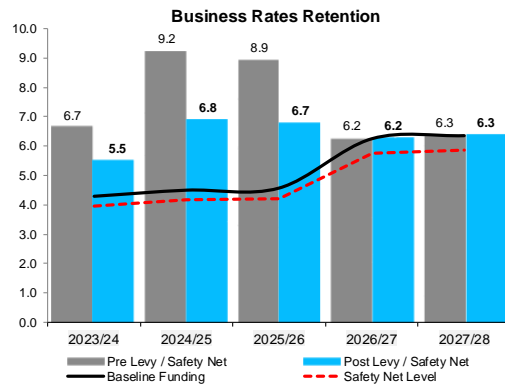
March 2023
5,052,000

March 2024
3,738,570

Funding

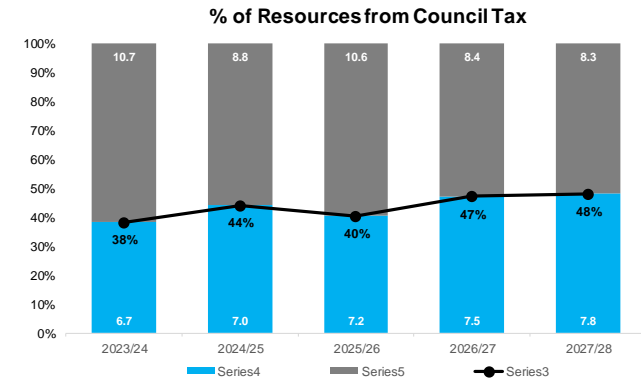
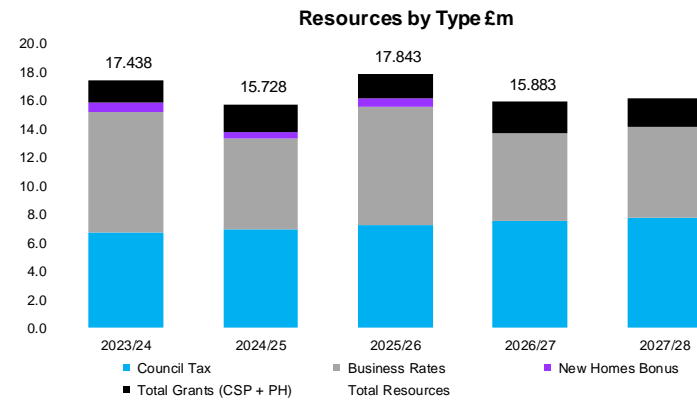
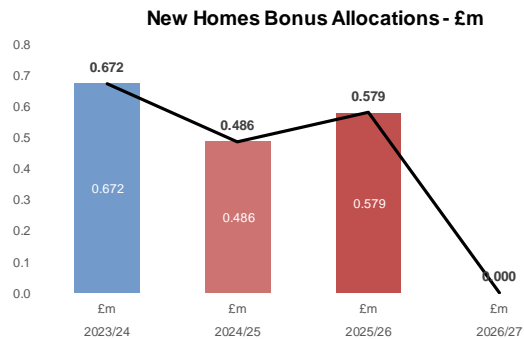
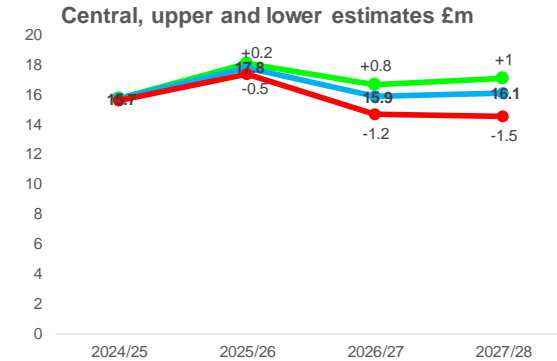
Components

Grants / Business Rates / NHB



Exeter ← LGFUTURES

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Business Rates	8.496	6.347	8.325	6.235	6.340
New Homes Bonus	0.672	0.486	0.579	-	-
Council Tax	6.698	6.956	7.223	7.495	7.774
Total Grants (CSP + PH)	1.572	1.939	1.716	2.154	2.007
Total Resources	17.438	15.728	17.843	15.883	16.121
Annual % change		-9.8%	13.4%	-11.0%	1.5%



Components

Council Tax Calculation

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Total Band D Equivalents	39,430	40,046	40,446	40,851	41,259	41,672
Collection Rate	97.0%	97.5%	97.5%	97.5%	97.5%	97.5%
Council Tax Base	38,247	39,045	39,435	39,830	40,228	40,630
Council Tax (Band D)	£175.13	£180.37	£185.76	£191.31	£197.03	£202.93
Surplus/(Deficit)	86,793	127,014				
Council Tax Collected (£'000)	£6,785	£7,169	£7,325	£7,620	£7,926	£8,245

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				
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		
	171	210	85	85
<u>New Revenue Bids - Recurring</u>				
	0	0	0	0
<u>New Revenue Bids - Non Recurring</u>				
	0	0	0	0
<u>Revenue Costs Arising from New Capital Bids</u>				
	0	0	0	0
TOTAL	171	210	85	85

Assumptions

- HB Admin Grant to continue uniform reduction

Components

Proposed Reductions

	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
From 2024-25 Budget				
Leisure VAT	(600)			
Reduction in Pension Added Years	(60)			
Additional Planning income	(157)			
From 2023-24 Budget				
Discretionary Services	(25)	(54)	(25)	
RAMM	(73)			
Service Reviews	(487)	(925)	(362)	
From 2022-23 Budget				
Guildhall income to cover costs		(166)		
Total Proposed Reductions	(1,402)	(1,145)	(387)	0

Components

Inflation

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Pay						
Base 2021-22	27,695	1,066	1,487	1,377	1,279	1,331
One off catch up for higher award		998	837			
Supplies & Services						
General		1,082	1,130	1,158	987	1,017
Higher energy		1,737	(600)	(200)		
Income		(1,065)	(1,282)	(1,600)	(1,648)	(1,698)
	3,818	1,572	735	618	649	682

Assumptions

- Various assumptions around the pay award and general inflation

Components

Net Interest Position

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Interest received						
Prop Fund	(225)	(225)	(225)	(225)	(225)	(225)
General	(1,634)	(1,700)	(1,500)	(1,300)	(1,200)	(1,200)
Other Loans	(13)	(4)	(4)	(4)	(4)	(4)
Interest Payable						
HRA / S106 / Trust Funds	600	1,006	900	800	750	750
DevCo Loan (now backing CFR)	85	81	80	79	78	78
Senate	137	134	131	127	123	123
Regus	67	65	63	60	57	57
Guildhall	773	761	751	741	731	731
Leisure Complex Loans	640	608	600	592	584	584
Riverside Loans	80					
2022-23 Cap Prog onwards	200	500	517	513	509	509
Fleet Lease	39	180	190	200	210	210
Short term borrowing						
	749	1,406	1,503	1,583	1,613	1,613

Assumptions

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

The Budget Gap

Summary Medium Term Financial Plan

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	
Resources						
Revenue Support Grant	1,939	1,969	1,827	1,864	1,901	
Business Rates Income	8,775	7,909	7,985	8,072	8,160	
CIL income	907	793	793	793	793	
New Homes Bonus	486	87	87	87	87	
Council Tax	7,170	7,326	7,620	7,926	8,245	
Likely resources	19,277	18,084	18,312	18,741	19,186	
Expenditure						
Service expenditure						
Committee expenditure	23,046	17,656	14,639	14,486	14,923	
Net Interest	1,406	1,503	1,583	1,613	1,613	
Repayment of debt	1,652	2,451	2,553	2,381	2,447	
RCCO	50	0	0	0	0	
	26,154	21,610	18,775	18,480	18,983	
Other funding						
Contribution to/ (from) earmarked reserves	(4,321)	369	384	565	565	
Contribution to/ (from) balances - Other	(2,556)	(50)	40	26	8	
	(6,877)	319	424	591	573	
Further reductions required		(2,700)	(500)	(330)	(370)	(3,900)
Potential reductions identified		(1,145)	(387)	0	0	(1,532)
Total Net Budget	19,277	18,084	18,312	18,741	19,186	
						(5,432)
Opening General Fund Balance	5,882	3,326	3,276	3,316	3,342	
Closing General Fund Balance	3,326	3,276	3,316	3,342	3,350	
Balance as a percentage of budget	17.3%	18.1%	18.1%	17.8%	17.5%	

Risks

- Business Rates reset – not included;
- Housing Benefit – working age claimants transfer to Universal credit has been brought forward to 2026 – may increase reduction in Admin Grant.

High Level Timetable

- Apr - May - SMB review and sense check Service Review Proposals;
- May - Update MTFP to reflect Outturn position;
- Jul - 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.