

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

Thursday 16 December 2021 at 7.30 p.m.

in the Council Chamber, Runnymede Civic Centre, Addlestone

**SUPPLEMENTARY AGENDA**

**PART I**

**7. Medium Term Financial Strategy 2022/23 to 2024/25  
(Assistant Chief Executive – Peter McKenzie)**

**Synopsis of report:**

- i) The report is the draft budget for 2022/23 and the Medium-Term Financial Strategy (MTFS) 2022/23 to 2024/25. It also contains the detailed risk analysis, the Section 25 report on the detailed budget and the main elements of risk faced by the Council.**
- ii) The major review of how Government intend to fund local authorities, the “Fair Funding Review” has been delayed by the pandemic until 2022 and is to be implemented in 2023/24. In the winter of 2021/22, the impacts of Covid are still being felt across the UK.**
- iii) For that reason, the MTFS is based on current forecasts and shows a reasonable, risk-based view of the Council’s financial position. The MTFS is highly indicative at this stage as the Council’s income streams return to pre-pandemic levels in 2022 and 2023 and the Fair Funding Review provides additional certainty for longer term financial planning. This report covers both the budget, medium term financial plans and the robustness of the budget.**

**Recommend to Full Council on 10 February 2022 that:**

- 1 The Medium-Term Financial Strategy be approved.**
- 2 The Band D council tax rate be increased by £5 subject to Government referendum limits.**
- 3 The revised budget for 2021/22 and 2022/23 be approved.**

**1. Medium Term Financial Strategy 2022/23 to 2024/25**

- 1.1 The Section 25 Report is compiled annually by the Section 151 officer and is reported along with the annual budget, MTFS and Capital and Treasury strategies to the Corporate Management Committee each January. It deals with the robustness of the estimates included in the budget and the adequacy of reserves and covers the following in line with CIPFA Guidance in the Financial Management code.**

- 1.2 This report deals with the following aspects of the guidance:
- Council context (pressures, savings, member aspirations)
  - Financial Plans & MTFS
  - The treatment of inflation
  - The treatment of demand led pressures
  - Treatment of savings
  - The Council's virement and year end procedures in relation to under spend
  - Estimate on the timing and level of capital receipts
  - Earmarked reserves
  - Highlight budget estimates where considerable uncertainty remains and explain the reason for the uncertainty
- 1.3 Mainly due to the pandemic in 2020/21 and 2021/22 the budget for 2022/23 includes project spend which could not be completed in that year, both revenue and capital spend.

## **2. Business Rates Retention (BRR)**

- 2.1 In 2020/21 the balances have increased significantly, especially the Business Rates Equalisation Reserve mainly due to Government grants and the spending restraints imposed by the Council to restrict expenditure to front line service delivery and essential spending.
- 2.2 The business rates element of the Collection Fund is in deficit and that earmarked reserve of over £10m will be used to make good that deficit without using the day-to-day revenue income of the Council.
- 2.3 In 2020/21 the Government paid the Council a grant of £9.6m to cover all the deficit relating to Covid, with a further £3.3m in 2021/22 to cover any future deficits. The Council can use those funds to repay the collection fund deficits over three financial years. That time scale helps to protect the Council's positive cash flows. That reserve will be used over the next three years to equalise the use of General Fund earmarked reserves. Government have recently clarified that the grant is to be used to cover the entire deficit to Surrey County Council (SCC) and the Government itself, not just this Council's share.
- 2.4 While no district in Surrey receives Government grant, the Surrey business rate income provides Government with around £130m to re-distribute to those Councils in receipt of Revenue Support Grant (RSG).
- 2.5 Since Business Rate Retention was introduced, Runnymede has been in every Surrey "business rates pool", mainly as every year since 2012 the rateable value of the borough has increased significantly. The object of the pool is to:
- Maximise the resources retained by each member of the pool.
  - Minimise the collective risk of a significant fall in income collected across the pool as shown in the table on the next page.
- 2.6 In one year, the London Borough of Croydon joined the Surrey pool which increased this Council's income. When the whole of London pool was formed it was not possible to invite a London authority close to Surrey. The London

Councils did not form a pool in 2021/22 and will not form a pool in 2022/23. The proposed pool is shown below and includes the London Borough (LB) of Sutton.

- 2.7 The revised pool for 2022/23 represents those Surrey Councils who are best placed to make the most financial gain to the pool members. The inclusion of LB Sutton means the pool can be increased from 4 to 5 district councils.

2020/21		2021/22		2022/23	% change needed to hit the safety net
Surrey CC		Surrey CC		Surrey CC	
				LB Sutton	
Spelthorne		Spelthorne	Out, replaced by	Elmbridge	6%
Runnymede		Runnymede		Runnymede	16%
			Increase to 5 districts	Mole Valley	10%
Epsom & Ewell	Out, replaced by	Surrey Heath		Surrey Heath	9%
Woking	Out, replaced by	Tandridge	Out, replaced by	Woking	7%

- 2.8 The last column deals with risk – Waverley, Guildford, Reigate and Banstead are either claiming safety net or are within 2% change of hitting the safety net trigger. If they joined the pool then Government would expect the pool to make up a significant proportion of their loss, should any occur. Runnymede is always likely to be a pool member as the levy is more than double any other district. For that reason, the proposed pool seeks to maximise gain and minimise risk.

- 2.9 The governance arrangements for sharing gains are simple.

50% to the districts, share then based on levy share  
50% to the County Council and LB Sutton, then based on levy share

- 2.10 If there is a loss by one or more Councils, the gains are scaled back so no Council should lose out from pooling. If a Council is to leave, or join a pool, it can also consider other factors to benefit their Council and / or the pool. This includes level of provision for bad debts, appeals etc.

- 2.11 By adding the LB Sutton, the pool would gain an additional £4.2 m to be shared between pool members as shown in the table below.

	Business rate projections 2022/23									
	Pool Members - District									
	Elmbridge	Mole Valley	Runnymede	Surrey Heath	Woking	TOTAL	LB Sutton	Surrey County Council	Grand total	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Forecast income (40% district, 10% county), 50% Government	27.5	19.6	26.0	15.7	20.2	109.0	19.0	55.8	183.8	
Government additional levy	(23.6)	(16.5)	(20.3)	(12.8)	(16.8)	(90.0)	19.8	64.4	(5.8)	
	3.9	3.1	5.7	2.9	3.4	19.0	38.8	120.2	178.0	
Additional levy on growth	(0.8)	(0.9)	(1.9)	(0.6)	(0.6)	(4.8)			(4.8)	
Safety net (Waverley only)										
Net income to the Pool	3.1	2.2	3.8	2.3	2.8	14.2	38.8	120.2	173.2	
Pooling gains	0.3	0.4	0.9	0.2	0.3	2.1	0.5	1.6	4.2	
	3.4	2.6	4.7	2.5	3.1	16.3	39.3	121.8	177.4	

- 2.12 Before pooling calculations are carried out the business rates income is split, 50% to Government, 10% to SCC and 40 % to Runnymede – then Government

apply an additional levy as shown below to claw back 50% of increases in the tax collected.

- 2.13 In total the business rates collected by all the district and borough councils is £558 million – the Government take 50% of this, then an additional levy is imposed based on each Council’s assessed level of need. Before pooling gains the Council has assumed it will retain around 5% of the total income collected. The levy paid to Government is redistributed to Councils who still receive Revenue Support Grant.

	£m	%
Total collected	558	
Allocated		
Government	407	73%
Surrey CC	122	22%
Districts	29	5%
	558	100%

- 2.14 The pandemic has delayed both the business rates review and the Fair Funding Review. In late 2021 or early 2022 the Council will receive the detail behind the local government settlement, which will be a one-year settlement for 2022/23 only. The Government plans to consult on the long-term funding of local authorities in 2022 for implementation in 2023/24.
- 2.15 In November 2021, Government have made it clear that an earlier proposal to increase from 50% to 75% the growth that local authorities would retain will now not be implemented.
- 2.16 In previous years this Council has assumed the business rates retained will be reduced by 0.5m year on year as Government spending seems to focus on the NHS, adult social care, children’s services, and education. Pending the implementation of the Fair Funding Review the Council is effectively setting a one-year budget. The MTFS assumes that the business rates retained are still reduced by 0.5m year on year, albeit from a much higher baseline than anticipated.

### 3. General Inflation

- 3.1 When the Council sets its final budget for 2022/23 in February 2022 an allowance is made for inflation for the year. While there is some uncertainty on inflation rates, mainly due to supply and demand issues, the Council’s General Fund working balance can be used to adjust budgets retrospectively. The inflation rates for 2022/23 have been increased to account for the increase in employers NI, minimum wage, energy price increases etc. The original budget assumed an increase in costs of £392k. Recent developments mean a further £429k has been added in 2022/23 and all subsequent years.

	----- Inflation -----			
	2022/23	2023/24	2024/25	2025/26
<b>Pay - Inflation</b>	<b>2.00%</b>	2.00%	2.00%	2.00%
<b>Pay - PRP</b>	<b>1.70%</b>	0.90%	0.75%	0.50%
<b>Prices - General</b>	<b>2.00%</b>	2.00%	2.00%	2.00%

<b>Prices - Rents</b>	<b>2.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
<b>Prices - Taxation</b>	<b>3.10%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Prices - Energy</b>	<b>10.00%</b>	<b>5.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Prices - Fuel</b>	<b>10.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Prices - RPI</b>	<b>5.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>

3.2 After some increases in income, the above rates add £821,000 to the budget requirement in 2022/23. In contrast a £5 a year council tax band D, or average tax, will generate an additional £368,000. The inflationary gap, or cost pressure, of £453,000, together with anticipated reductions in the share of business rates income, is one reason why the Council has focused resources on its regeneration strategies which commenced in 2012/13 with the Addlestone One development followed by a significant investment in Egham. These investments generate a commercial rental stream and provide additional dwellings in the Borough.

#### 4. Government Funding

4.1 In the eighteen months to summer 2021 the Government provided significant funding to all local authorities to deal with the pandemic, including compensating for some lost income from car parking, trade waste etc. Those schemes have now ended in June 2021.

4.2 For some years now the Council has not received any Revenue Support Grant but did receive a “time limited” reward grant for bringing empty homes back into use and increasing the stock of new homes in the Borough – for example 200 new homes in the Addlestone One development. The reward grant was entitled “New Homes Bonus” and has been discontinued. The table below shows that over the three years from 2020/21 the Council will lose £1.657m in funding. That reduction has been forecast for some time and is factored into the financial plans.

<b>Forecast of New Homes Bonus - 2019 /20 to 2023/24</b>					
	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
Year 6	506,845				
Year 7	42,507	42,507			
Year 8	32,594	32,594	32,594		
Year 9	563,744	563,744	563,744	563,744	
Year 10		1,019,075			
Year 11			3,080		
Year 12				0	
Year 13					0
	1,145,690	1,657,920	599,418	563,744	0

4.3 The Council’s financial strategy continues to rely on the income it receives from council tax and a small share of the business rates but mainly from income raised from the services it provides, such as “Meals at Home”, Careline and the commercial rent income.

## 5. Commercial income

- 5.1 The Council owns a significant number of properties which has grown significantly since 2012 in both scope, capital value and net contribution to the General Fund income when the Council invested resources in the regeneration programme. The pandemic has increased the rent arrears owed which are being actively managed and provision has been made for those arrears of over £3m in the budget. The Council works constructively with tenants to recover those arrears and the table below shows that the allowance for bad debt and voids can be reduced by over £1m.
- 5.2 Over the next few years, the Council is setting aside prudent sums to cover void periods should a tenant vacate premises and a provision for bad debts. The Council also maintains two earmarked reserves to manage risk around dilapidation costs and to fund any significant reductions in income e.g., tenants requiring less office space due to homeworking etc. Some significant rents have break clauses between 2026 to 2028. Those earmarked reserves mitigate the risk of a re-gear of a lease including a rent free or rent reduction agreement.
- 5.3 The Council has only borrowed fixed interest rate loans for a fixed period and they are mainly interest only loans. For that reason, the Council sets aside part of its income each year to fully repay loans when they mature, the minimum revenue provision or MRP. By entering into only fixed rate loans, the Council's interest charges are fixed in the long term for up to fifty years. In the section to follow the Council uses its cash reserves to defray borrowing to make further savings.

<b>Commercial income projections</b>	2021/22		2022/23	2023/24	2024/25
	Original	Revised	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000
Gross income	27,866	27,083	28,415	29,421	30,121
Less					
Provision for voids and bad debts	(4,180)	(3,115)	(2,557)	(1,912)	(1,958)
Included in the Councils draft MTFs	23,686	23,968	25,858	27,509	28,163
Capital financing charges	(15,097)	(12,670)	(13,480)	(14,239)	(14,783)
Set aside to repay debt	(3,973)	(4,275)	(4,586)	(4,884)	(5,161)
Net income to fund services	4,616	7,023	7,792	8,386	8,219

- 5.4 The regeneration strategy is focused on the economic vitality of the Borough and providing a mix of homes for owner occupier, private rent and affordable rent. The table below demonstrates that over the last few years the assets have appreciated in value by £29m. On assets valued at £541m the Council has debt of £434m. The Council's financial strategy is based upon income generation and it has no immediate plans to reduce the asset portfolio.
- 5.5 By applying capital receipts to fund the regeneration strategy, and assuming a difference of 1.7% between borrowing costs and investment income, using capital receipts and internal borrowing of £78.1m, the Council avoids interest charges of £1.3m every year.

<b>Value of our commercial assets</b>			
	Value at 31/3/19	Value at 31/3/20	Value at 31/3/21
	£	£	£
Asset value at 31 March	478,789,203	522,690,274	541,736,000
Purchase costs	462,913,442	494,519,049	512,583,546
	15,875,761	28,171,225	29,152,454
Actual borrowing	361,270,000	423,372,094	434,435,497
Internal funding	101,643,442	71,146,955	78,148,049
	462,913,442	494,519,049	512,583,546

## 6. Budget adjustments

6.1 The summary of the all the above measures is shown at Appendix 1 attached. The three financial years forecast shows that the General Fund working balance does not fall below £7m. The Council has set a minimum working balance of just under £3m.

6.2 Appendix 2 attached shows a summary of the adjustments to the budget, by Committee, approved by Council in February 2021. The table below summarises those adjustments showing:

- Corporate property income and rents.
- Other increases in income or cost reduction/efficiency savings.
- Increased costs.

Readers should note that the forward plans of the Council do not include any reductions or cuts to either the scope or quality of services provided.

6.3 The savings and growth shown at Appendix 2 demonstrate how significant adjustments to the Council's financial plans have been mainly due to the pandemic since 2020.

	Probable 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000
Corporate property income	(282)	(2,172)	(3,823)	(4,477)
Other increases in income or cost reduction	(719)	(2,532)	(2,576)	(2,507)
	(1,001)	(4,704)	(6,399)	(6,984)
Increased costs	167	2,797	2,409	2,172
Inflation	0	821	1,285	1,721
	(834)	(1,085)	(2,704)	(3,090)

6.4 For the year 2021/22 the main reasons for the additional spending of £1.1m have been reported to Council and include:

- Projects planned to start in 2020/21 which could not be completed due to the pandemic - the budget has been carried forward as a previous year underspend.
  - Income shortfalls in car parking, trade waste etc.
- 6.5 In the latter half of that year the Council restructured mainly its senior officer restructure and a voluntary redundancy programme will reduce net costs by £380k every year from April 2022 onwards. That is a saving after creating new posts including:
- A “bid officer” – it is clear much of any new Government funding will be subject to a bidding process rather than any form of general revenue grant. This post is a corporate resource to increase funding available to the Council.
  - A “Climate Change “officer to join the Chief Executive’s office to work on the Council’s Climate Change Strategy.
- 6.6 In preparing the proposed budget for 2022/23 onwards the Council is aware of a number of cost pressures where a detailed business case has not been competed for detailed consideration by elected Members. Appendix 3 attached shows the likely financial implications which are included in the budget.
- 6.7 Appendix 3 also shows potential income streams and cost reductions. The schemes highlighted are included in the draft budgets but are not approved until Council considers a detailed report and implementation plan. As most of those highlighted are in an advanced planning stage they are included in the budget, subject to Member final approval.

## **7. General Fund reserves**

- 7.1 The Council maintains a working balance to fund any unforeseen new costs or reductions in income to the year ending March 2023 when it approves a budget in February 2022. The Council prepares a risk-based analysis around the level of balances that could be called upon in any financial year. This is shown at Appendix 4 attached. It is still the case that the Council maintains its General Fund working balance at no less than £3m.
- 7.2 While economists have differing views on likely inflation rates in 2022 it is also predicted the Bank of England interest rates will rise in the near future. This may increase investment income, but not historic borrowing costs.
- 7.3 In the outturn report to Council for 2021, regarding the just under £10m received from government to compensate for the £10m shortfall in business rates, the deficit must be recovered using that earmarked reserve over a three-year period as highlighted in the paragraphs above relating to business rates.
- 7.4 The table on the next page shows the estimates, over a four-year period, of how the reserves are likely to be used.



## ESTIMATE October 21

	Balance at 31 March 2021	Movement in 2021/22	Balance at 31 March 2022	Movement in 2022/23	Balance at 31 March 2023	Movement in 2023/24	Balance at 31 March 2024	Movement in 2024/25	Balance at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>General Fund Working Balance</b>	15,188	-1,095	14,093	-212	13,881	-1,250	12,631	-1,823	10,808
Business Rates (NNDR) equalisation reserve	10,880	-3,147	7,733	-3,147	4,586	-3,147	1,439		1,439
Englefield Green Maintenance	237		237		237		237		237
Equipment repairs and renewals reserve	889	-735	154	22	176	316	491	250	741
Infrastructure Feasibility Reserve	222	-20	202	-162	40		40		40
Insurance Reserve	106		106		106		106		106
Investment Property income equalisation reserve **	3,750	750	4,500	750	5,250	750	6,000	750	6,750
Maintenance of graves in perpetuity	35		35		35		35		35
Museum purchase and conservation fund	2		2		2		2		2
Property repairs and renewals reserve	1,945	-1,195	750	105	855	250	1,105	250	1,355
Section 106 and other contributions reserve	4,525	-2,263	2,263	-1,131	1,131	-566	566	-283	283
<b>Total</b>	<b>37,779</b>	<b>-7,704</b>	<b>30,075</b>	<b>-3,776</b>	<b>26,299</b>	<b>-3,647</b>	<b>22,652</b>	<b>-856</b>	<b>21,796</b>

\*\* NB: 2027 Potentially need £7m+ to cover for rent free lease periods

7.5 The MTFs demonstrates that the Council is financially stable for several years, though the drive to reduce costs through efficient and effective business systems, shared service provision etc. will continue.

## 8. Capital plans

8.1 All capital expenditure, unless funded by selling other assets to generate a capital receipt, or a capital grant or contribution from others, must be funded from the Council's annual revenue stream. The Council's Capital and Treasury Management Strategy dictates that only commercial asset acquisitions and regeneration schemes can be funded by loan finance. This is to ensure the revenue income from those assets reduces the Council's underlying need to borrow every year and contributes each year to earmarked reserves and the primary regeneration objective of improving the wellbeing and economic prosperity of the Borough.

8.2 Recent legislation now prohibits commercial investment, but not regeneration schemes. The capital strategy is summarised in the table on the next page.

8.3 The Council maintains a Housing Revenue Account (HRA) which accounts for all expenditure and income relating to the dwellings the Council maintains to provide rented accommodation. Works to the Council housing stock are totally funded by rent collected from the tenants.

8.4 The General Fund capital programme is shown in full at Appendix 5 attached with the capital, investment and borrowing strategy with the required prudential indicators being considered by Council in January 2022. A summary of the capital programme is shown on the next page:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
<b>EXPENITURE</b>					
<b>Housing Revenue Account (HRA)</b>	10,156.4	15,350.0	15,600.0	13,800.0	13,800.0
<b>Housing General Fund</b>	1,360.3	651.5	651.5	651.5	651.5
	11,516.7	16,001.5	16,251.5	14,451.5	14,451.5
<b>Environmental Services</b>					
River Thames flood scheme	2,000.0	2,000.0	1,000.0		
A320 road improvement			2,000.0		
Other environmental schemes	109.1	550.0	0.0	386.0	312.0
<b>Community services</b>	1,060.9	526.0	232.0	4,711.3	508.0
<b>Corporate Management</b>					
General	11,837.0	7,045.0	500.0	500.0	2,400.0
Digital services & transformation	1,831.3	1,575.7	722.5	222.5	222.5
Corporate property assets	51,196.9	12,940.0	6,520.0		
<b>TOTAL</b>	<b>79,551.9</b>	<b>40,638.2</b>	<b>27,226.0</b>	<b>20,271.3</b>	<b>17,894.0</b>
<b>FUNDED BY:</b>					
HRA revenue balances	6,355.4	7,830.0	15,200.0	8,280.0	7,780.0
HRA Major Repairs Reserve	2,976.0	7,000.0			
Earmarked revenue reserves	3,429.5	1,373.5	934.5	1,000.5	1,110.5
Grants and other contributions	4,987.8	651.5	651.5	651.5	651.5
Capital receipts	15,606.3	14,943.2	5,440.0	5,339.3	2,852.0
Prudential borrowing	46,196.9	8,840.0	5,000.0	5,000.0	5,500.0
	79,551.9	40,638.2	27,226.0	20,271.3	17,894.0

8.5 The main schemes to be funded include:

- A contribution of up to £5m towards the Thames flooding relief scheme led by Government.
- A contribution of up to £2m to Surrey County Council for improvement to the A320.
- The Corporate Management Committee spend relates to the completion of the Egham Magna Square regeneration scheme, raising the Council's energy efficiency ratings and improving its digital services infrastructure.
- The Housing Committee spend includes Disabled facility and improvement grants, maintenance of the stock and significant sums on building new dwellings in the Borough.

8.6 The table on the next page shows the planned use of the available capital receipts. While these have been depleted over the last two years the Council has opportunities to:

- Develop regeneration schemes on land it owns in Chertsey, Egham and Adlestone which will generate capital receipts.

- Make further revenue contributions to the Repairs and Renewals fund from revenue resources.

<b>Capital Receipts Summary</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Set Aside for Debt repayments</b>					
Receipts at 1 April 2020	1,010,970	0	0	0	54,970
Add new receipts in the year	250,000	250,000	250,000	250,000	320,000
Less Applied during the year	(1,260,970)	(250,000)	(250,000)	(195,030)	0
<b>Anticipated year end balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,970</b>	<b>374,970</b>
<b>Set Aside for 1-4-1 Replacements</b>					
Receipts at 1 April 2020	2,981,036	2,463,207	2,130,307	1,797,407	2,261,607
Add new receipts in the year	307,100	307,100	307,100	984,200	984,200
Less Applied during the year	(824,929)	(640,000)	(640,000)	(520,000)	(520,000)
<b>Anticipated year end balance</b>	<b>2,463,207</b>	<b>2,130,307</b>	<b>1,797,407</b>	<b>2,261,607</b>	<b>2,725,807</b>
<b>General Usable Receipts</b>					
Receipts at 1 April 2020	3,578,866	3,015,055	448,080	10,078,296	5,582,700
Add new receipts in the year	14,217,500	11,736,215	14,430,215	323,715	323,715
Less Applied during the year	(14,781,311)	(14,303,190)	(4,799,999)	(4,819,311)	(2,331,999)
<b>Anticipated year end balance</b>	<b>3,015,055</b>	<b>448,080</b>	<b>10,078,296</b>	<b>5,582,700</b>	<b>3,574,416</b>
TOTAL useable receipts applied	15,606,240	14,943,190	5,439,999	5,339,311	2,851,999
TOTAL year end balance available	5,478,262	2,578,387	11,875,703	7,844,307	6,300,223

## 9. Borrowing Strategy

- 9.1 The Housing Revenue Account debt is to completely fund the Government buy out of the HRA subsidy system.
- 9.2 In the General Fund, Council policy is to only borrow to fund assets which will generate sufficient income to pay the interest costs, set aside income to fully repay the loan when it matures and contribute towards the cost of the regeneration scheme's borrowing needs.
- To date all loans have been at fixed maturity dates and fixed rates of interest. The average rate is currently 2.39%.
  - In 2018 the Council agreed to take a loan from a private sector bank of £40m. This loan is an annuity loan, so each year the debt outstanding will reduce and is a fixed interest rate loan at 2.88% over 40 years.
- 9.3 When interest rates have moved up slightly, the Council has borrowed short term loans to fund projects such as Egham Gateway. It locks into long term loans when interest rates favour the Council.

- 9.4 The Council's asset base has been growing for some time. Assets which fund the Council's regeneration plans are valued at £542 million and make up over half of the Council's asset base. The total borrowing is a mixture of commercial assets, regeneration schemes and the building of a new leisure complex in Egham. The table below shows the maturity profile of the Council's loan portfolio.

	2022-25	2025-30	2031-35	2036-45	2046-55	2056-70	2071-85	TOTAL	Annual interest	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
<b>Housing Revenue Account</b>	1,956	10,000	30,000	30,000	30,000			101,956	3,426	3.36%
<b>General Fund</b>										
Maturity	46,336	35,000	20,000		10,000	394,000	10,000	515,336	11,677	2.27%
Annuity						40,000		40,000	1,150	2.87%
	46,336	35,000	20,000	0	10,000	434,000	10,000	555,336	12,826	2.31%
General fund maturity profile	8.3%	6.3%	3.6%	0.0%	1.8%	78.2%	1.8%	100.0%		

- 9.5 Part of the cash reserves of over £80m the Council holds is the set aside to repay debt, the Minimum Revenue Provision. This provision allows the Council to fully repay debt when it matures and not refinance loans at higher interest rates.

<b>Minimum Revenue Provision</b>		
	Annual charge to the General Fund	Cumulative set aside
	£'000	£'000
31 March 2016	137	137
31 March 2017	535	672
31 March 2018	1,529	2,201
31 March 2019	3,162	5,363
31 March 2020	3,289	8,652
31 March 2021	3,820	12,472
31 March 2022	4,275	16,747
31 March 2023	4,586	21,333

## 10. Council tax rates

- 10.1 Runnymede Borough Council has the lowest tax in Surrey and one of the lowest in England. For several years now the Government has set "referendum limits" for all local authorities. For several years now, very low tax rate Councils, including Runnymede, have been allowed to increase their tax by 3% or £5 a year, whichever is the highest. If a Council wishes to set a higher tax rate it must hold a referendum, at its own cost, to seek the electorate's approval to set a higher tax rate.
- 10.2 While Government has not made any announcements on a £5 a year limit for low tax rate councils, it has set a referendum limit of 2% for district councils. The draft budget assumes that the limit for low tax rate Councils will be set at £5 a year. The table on the next page shows the lower rate will reduce the Council's income by £52k a year. The final tax setting report, with the precepts

set by Surrey Police and the County Council, will be considered by Council in February 2022.

10.3 The table below illustrates the impact on the Council's income if in 2022/23 and beyond the Council cannot raise the tax rate by £5 a year.

	2021/22	2022/23	2023/24	2024/25
Tax base	34,524	34,524	34,524	34,524
	£	£	£	£
Tax rate - £5 a year increase	174.59	179.59	184.59	189.59
Percentage increase		2.9%	2.8%	2.7%
Annual income	6,027,545	6,200,165	6,372,785	6,545,405
Tax rate - 2% referendum limit	174.59	178.08	181.64	185.28
Increase in £		3.49	3.56	3.63
Annual income	6,027,545	6,148,096	6,271,058	6,396,479
Annual reduction in income		52,069	101,727	148,926

## 11. Conclusions

- 11.1 The Council has sufficient revenue reserves to continue to provide the same level of service using reserves for several years.
- 11.2 In 2022/23 the Government intend to provide long term certainty on how local authorities will be funded in 2023/24 onwards.
- 11.3 The Council is working up detailed regeneration plans in Addlestone and Egham initially which will increase capital receipts and provide revenue income.
- 11.4 Shared services to produce efficiency savings and improved resilience to the services are in train with a number of neighbouring Councils.
- 11.5 The transformation agenda involving Digital Services is well developed and continues to make efficiency gains as well as improving residents' ability to communicate and transact with the Council.
- 11.6 There are several new Government initiatives in train which cannot be evaluated including:
- The Environment Act and the possibility to require the Council to collect all green waste and not make a charge.
  - Planning reforms.
  - The reset of the Business Rates revaluation and revised rates retention scheme.

**12. Policy framework implications**

- 12.1 The 2022/23 budget and MTFS are based on the Corporate Plan approved by Council.

**13. Resource implications (where applicable)**

- 13.1 These are contained in the report. As Government announcements are made regarding the Fair Funding Review, changes to New Homes Bonus, business rates retention and pilot schemes, Members can consider revised financial plans.

**14. Legal implications**

- 14.1 These are contained in the report.

**(To recommend to Full Council on 10 February 2022)**

**Background papers**

Budget working papers including DCLG supporting information.

## Medium Term Financial Strategy 2021/22 to 2024/25 - General Fund Summary

	Estimate 2021/22	Probable 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
	£'000	£'000	£'000	£'000	£'000
Base Budget 2021/22 agreed by Council Feb 2021	(2,314)	(2,314)	(2,314)	(2,314)	(2,314)
Efficiencies & Revenue reductions	(500)				
Budget Adjustments		(834)	(1,085)	(2,704)	(3,090)
<b>Adjusted base budget A</b>	<b>(2,814)</b>	<b>(3,148)</b>	<b>(3,399)</b>	<b>(5,018)</b>	<b>(5,404)</b>
Accounting adjustments:					
- Reversal of depreciation charges	(2,737)	(2,737)	(2,737)	(2,737)	(2,737)
- Capital charge to HRA	(43)	(43)	(43)	(43)	(43)
- Other Accounting Adjustments	0	(100)	0	0	0
Transfers to/from reserves:					
- Insurance reserve	0	0	0	0	0
- Business Rates Equalisation reserve	(3,880)	(3,147)	(3,147)	(3,147)	0
- Equipment repairs and renewals reserve	750	750	750	750	750
- Property repairs and renewals reserve	500	750	750	750	750
- Investment Property income equalisation reserve	0	750	750	750	750
- Surrey Infrastructure Feasibility Fund	0	(20)	(162)	0	0
Treasury and Financing					
- Investment & Dividend Income	(209)	(260)	(440)	(600)	(760)
- Interest on loans to RBC companies	(1,477)	(1,496)	(1,862)	(2,025)	(2,025)
- Capital Financing	15,097	12,670	13,480	14,239	14,783
- Minimum Revenue Provision (MRP)	3,973	4,275	4,586	4,884	5,161
- Voluntary Revenue Provision (VRP)	0	0	0	0	0
Government Grants (Non-Service Specific)					
- New Homes Bonus	(599)	(599)	(564)	0	0
- Lower Teir Services Grant	(800)	(800)	0	0	0
- Covid 19 LA Support Grants	0	(416)	0	0	0
<b>Budget requirement B</b>	<b>7,761</b>	<b>6,429</b>	<b>7,961</b>	<b>7,803</b>	<b>11,225</b>
Funded by:					
- Business rates retention scheme	(2,780)	(2,700)	(3,800)	(3,300)	(2,800)
- Share of Business Rates (surplus)/deficit for prior years	3,880	3,147	3,147	3,147	0
- Share of Council Tax (surplus)/deficit for prior years	44	44	(166)	0	0
- Share of Business Rate Enterprise Zone receipts	0	107	170	0	0
- Share of Business Rate Pooling Fund gain	0	(100)	(900)	0	0
<b>Sub total of government funding C</b>	<b>1,144</b>	<b>498</b>	<b>(1,549)</b>	<b>(153)</b>	<b>(2,800)</b>
<b>Net demand ( B less C )</b>	<b>8,905</b>	<b>6,927</b>	<b>6,412</b>	<b>7,650</b>	<b>8,425</b>
Tax base - Band D equivalent numbers	33,404	33,404	34,524	34,674	34,824
Band D tax per year	174.59	174.59	179.59	184.59	189.59
<b>Council tax income D</b>	<b>(5,832)</b>	<b>(5,832)</b>	<b>(6,200)</b>	<b>(6,401)</b>	<b>(6,602)</b>
<b>Use of / (contribution to) Working Balance</b>	<b>3,073</b>	<b>1,095</b>	<b>212</b>	<b>1,250</b>	<b>1,823</b>

<b>General Fund Working Balance</b>					
Working Balance at start of year	6,733	15,188	14,093	13,881	12,631
Use of working balance	(3,073)	(1,095)	(212)	(1,250)	(1,823)
<b>Working balance at end of year</b>	<b>3,660</b>	<b>14,093</b>	<b>13,881</b>	<b>12,631</b>	<b>10,808</b>
<b>Over / (Under) minimum balance level of £2.969m</b>	<b>691</b>	<b>11,124</b>	<b>10,912</b>	<b>9,662</b>	<b>7,839</b>

## Adjustments to the 2021/22 base budget

	Probable 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000	Comments
<b>Housing Committee</b>					
<b>NEW Changes</b>					
Home Improvement Agency - staffing		106	106	106	Following Community Services Business Plan 2018?
Home Improvement Agency - changes in costs of Handyman service	18	(20)	(20)	(20)	Adjustments to Handyman service budget - moved to staffing costs wef 2022/23
Homes First - Additional staffing resource			9	9	CMC 14 Oct 2021 (to be funded from HoRA grants in 2021/22 & 2022/23)
Digital Transformation - Housing Register	8	13	13	13	Reallocation of Housing IT system costs & Enterprise Licence between GF & HRA
Benefits - increased use of Hybrid mail	10	10	10	10	(Net of reduced postage recharges)
<b>LEGACY Changes</b>					
Homelessness Reduction Act Grant - funding of staff costs			200	200	One off receipt in base budget for 22/23. Removed from base budget thereafter
Reduction in estimated net costs of B&B accommodation	(20)	(10)	(10)	(10)	Net of reduced rental income (@ 40%)
Enabling - needs survey			35		last carried out in 2018
Housing Benefits - Changes in levels of Administrative grants		15	15	15	Changes in levels of Administrative grants
Digital Transformation - Locata computer maintenance		(6)	(13)	(13)	System finishes 30/9/22 as per IT
<b>Community Services Committee</b>					
<b>NEW Changes</b>					
Community Services/Development Consultation		28	28	28	Potential regradings for additional responsibilities/harmonisation
Day Centre Administration - Grants	(74)				March GD shielding CEV grant money
Day Centre Administration - SFC & COMF grant	(18)				
Day Centre Administration - Grants and Contributions		(52)	(52)	(52)	Contribution to cover the cost of providing Social Prescribing
Day Centre Administration - Sales, Fees and charges	(93)	(117)	(117)	(117)	Correction to income received from the Surrey Heath contract
Community Meals		20	20	20	Surrey Heath income down by £20k as over estimated at the start of the contract
Community Transport - Net variations in provision	(388)				
Careline income - Woking BC (net of costs)		(19)	(19)	(19)	
Safer Runnymede - Out of Hours Contracts - Spelthorne BC		(5)	(5)	(5)	
Safer Runnymede - computer equipment	8	12	12	12	new contracts
Safer Runnymede - CCTV Contracts		(150)	(150)	(150)	
Safer Runnymede - CCTV costs recovered	(15)	(17)	(17)	(17)	
Grant Aid - Christmas Lights etc	10	10	10	10	Historic annual virement from Chief Executive's Contingency budget being addressed
Grant Aid - Englefield Green Funding	17	17	17	17	
Egham Orbit - slow return of rental payments		(200)	(200)	(200)	
Leisure Development- Consultancy and legal advice	12				Cost of an independent financial review for Achieve Lifestyle
Family support program 21/22	89	89	89	89	Agreed at committee in 2020/21 but omitted by budget manager 21/22 budget setting process
Museum - reduced income from fees and school affiliation fees c/fwd from last year	5				
Public Halls - staff vacancies	(10)				
Public Halls - Income returning to pre-covid levels		(62)	(114)	(114)	Assumes 50% in 22/23 and 100% in 23/24 onwards
Public Halls - Rents and leases		16	16	16	Halls no longer being used as a Vaccination centre



Public Halls - Government SFC & COMF grant	(119)			We have received 2 payments one for £33,980 & the second one for £85,000
Parks - Contribution towards surrey Travellers site	(75)	(45)	(45)	(45) Slipped into 2022/23 and provision reduced from £75k to 30k CMC - 24 June 2021. Additional £50k EIP payment to be put in an earmarked reserve for use on
Parks - Income from Southampton to London Pipeline renewal project	(13)			(55) Chertsey Meads
Parks - Reduced income from camping at Barrbrook farm	15	10		
Parks - St Ann's cottage	14			Cottage not let at St Anns CMC - Oct 2021 (agreed via SO42)
Parks - Grounds Maintenance Review - Consultancy	35			
Parks - Grounds Maintenance Review - In-sourcing or expanded contract			200	200 Provision based on initial options ranging between £100k & £300k additional cost.
Parks - Grounds Maintenance Review - Aviator Park security fees	5	5	5	5 Locking up the skate park
Cemeteries - reduction in income from fees and charges	34	30		

#### LEGACY Changes

Planned Underspend carried forward from 2020/21	44			
Day Centres - Letting Income		(6)	(6)	(6) Income recovery post covid19 pandemic
Parks & Open Spaces - Income		(6)	(15)	(15) Income recovery post covid19 pandemic
Parks & open spaces - Grounds maintenance		(6)	(6)	(8) Works deferred due to covid19 pandemic c/fwd to 21/22. Removed from base budget thereafter
Parks & open spaces - public toilets			(10)	(10) Additional costs of cleaning carried out during covid19 pandemic falling away
Safer Runnymede - contract income		(5)	(5)	(5) New Surrey heath contract - OOH Corporate Properties response service

#### Environment and Sustainability Committee

#### NEW Changes

Air quality £3,000 one off provision - subject to committee report	(3)	3		Planned underspend - Deferred to 2022/23
Recycling SEP financial mechanism - fixed payment (net)	(5)	(5)	(5)	(5) Officer group (01.06.20) was due to discuss future income for 2021/22 onwards. Waiting for update from SB/PB. Income received in 2020/21 £87k. 04.06.21 new fixed payment (net) provided by SCC £92k, assumed this payment will continue.
Refuse/Recycling - Change in allowances/Driver training	11	132	132	132 Subject to Cttee agreement - report going to E&S 17 November 2021
Green waste - purchase of bins/income	(85)	(90)	(90)	(90) Income higher than estimated offset by additional expenditure for purchase of bins
Refuse and recycling - sale of bins	(10)	(2)	(2)	(2) Increased sales to developers
Trade waste - disposal costs	(17)	(15)	(15)	(15) 2021/22 Price per tonne less than estimated, saving based on revised tonnage, assumed 2% increase in price per tonne for 2022/23
Trade waste - income	(24)	(30)	(30)	(30) Higher than estimated
Trade Waste - Government SFC & COMF grant	(10)			
Refuse - bulky waste project on hold	4			No income expected in 2021/22
Refuse - one off collections	3			Income lower than estimated
Street cleansing - litter and dog fouling fines	20	20	20	20 Contract finished 01.01.20, assumed no replacement for 2021/22 or beyond (possible J.E.T. work)
Car Parks - Government SFC & COMF grant	(93)			
Car parks - Chertsey Library	70			Charging suspended whilst vaccination centre is operating, expected to stay open until September, 11.08.21 centre now expected to stay open until March 2022 NHS testing to cease March 2022
Car parks - Chertsey Woodlands	100			
Car parks - other P&D income	215	187	50	0 Income lower than estimated. Assumes gradual return of custom over life of MTFS
Car parks - non resident permits and season tickets	55	25		Income lower than estimated. Assumes gradual return of custom over life of MTFS
Car Parks - PCN income	40	(45)	(45)	(45) Based on estimated income provided
Car Parks - Potential ANPR income			(100)	(100) Assumes that car parks are updated in 2022/23
On Street Parking - PCN income	(5)	(95)	(95)	(95) Based on estimated income provided
Environmental Maintenance - RBC	(8)			Hanging baskets and troughs cancelled for 2021/22
Borough Highways - income	6			Income from street naming and numbering lower than estimated

#### LEGACY Changes

Planned Underspends carried forward from 2020/21	12			
Pollution control - equipment		6		Equipment Calibration/purchase every 3 years. 01.10.21 this can be extended to every 5 years
Environmental Maintenance - RBC roundabout sponsorship income			(10)	(10) Income recovery post covid19 pandemic
Borough Highways - North Thames cycleways project	20	162		
<b>Licensing Committee</b>				
<b>LEGACY Changes</b>				
Licensing - Alcohol & Related Licensing income		(7)	(7)	(7) Income recovery post covid19 pandemic
Licensing - Government SFC & COMF grant	(4)			
<b>Regulatory Committee</b>				
<b>NEW Changes</b>				
Taxi Licensing - Income Loss	10	14	14	14 Expected loss of income due a decrease in Taxi Licenses applications and renewals
Licensing - Government SFC & COMF grant	(4)			
<b>Planning Committee</b>				
<b>NEW Changes</b>				
<b><u>Planning Policy &amp; Implementation</u></b>				
Neighbourhood Planning Forum - Egham Hythe	(4)	4		Grant from RBC to Egham Hythe - 4k expected to be used in 2022/23
Neighbourhood Planning Forums		30	30	30 RBC contributions to Neighbourhood Planning Forums
Local Plan - Digitisation of the planning system			25	Measures to help achieve central governments digital ambitions
Local Plan - Provision for Consultancy for Local Plan		100	100	200 Infrastructure needs evidence, viability work for local plan, habitats and sustainability appraisals, flood risk assessments, air quality modelling, green belt review etc
Local Plan- Planning & Development Advice	(25)			Moved to 2022/23 to fund Counsel Fees for Local Plan and Environmental Protection SPD for Planning Policy
Local Plan - Counsel Fees		25		15k funded by savings in Planning & Development Advice in 2021/22 and 10k Growth
Planning Policy - Environmental Protection SPD		10		Funded by savings in Planning & Development Advice in 2021/22
Planning Policy - Government Grants	15	5		Decrease in expected Government Grants
Planning Policy - Conservation Area Work not completed in previous year	(2)	2		Cost expected in 2022/23
<b><u>Development Management</u></b>				
Development Management - Longcross Garden Village Grant	78	(65)	(43)	Allocation of £130K received in advance in Feb-21 - 2021/22 budget was 100k
Development Management - Longcross Garden Village Grant	22	65	43	New expenditure against the £130K grant received in advance in Feb-21
Development Management - Padd Farm Legal Cost recovered	(149)			Legal cost recovered. One off receipt in 2021/22
Development Management - Padd Farm - Court Costs - Enforcement costs	70			£225k supplementary budget agreed by CMC Jan 21. Less £155 already on the base budget (estimated on Nov 2020).
Development Management - Planning Application Fees	(200)			Income in 2021/22 is expected to be grated than estimated
Development Management - Planning Application Fees		(120)	(60)	0 The income recovery from 2022/23 is expected to be less than estimated in previous forecast
Development Management - Planning Advice	0	0	9	9 Further losses of income estimated from 2023/24
Development Management - Provision for Appeals		100	100	100
<b><u>Building Control</u></b>				
Building Control - Income Loss COVID19	60			21/22 Income will be affected by the covid, hopefully 22/23 income will return to normal levels
Building Control - Government SFC & COMF grant	(34)			
<b>LEGACY Changes</b>				

Planned Underspend carried forward from 2020/21	130			
Local Plan- Planning and Development Advice	(75)	(75)	(75)	One off provision moved forward to 2021/22. Removed from base .budget thereafter
Local Plan- Planning and Development - Conservation & Urban Design Advice	(20)	(20)	(20)	One off provision moved forward to 2021/22. Removed from base .budget thereafter
Padd Farm - Court Costs - Enforcement costs	(43)	(43)	(43)	Estimated Enforcement Receiver costs in 21/22. Removed from base budget thereafter
Padd Farm Legal Cost recovered	300	300	300	One off receipt in base budget for 21/22. Removed from base budget thereafter
Longcross Garden Village Grant	100	100	100	One off receipt in base budget for 21/22. Removed from base budget thereafter
Longcross Garden Village - Planning Performance Agreement	12	12	12	One off receipt in base budget for 21/22. Removed from base budget thereafter

### Corporate Management Committee - Non Property

#### NEW Changes

Corporate Management - Economic development strategy	42	37	17	
Corporate Management - Fraud	25	51	51	increased third party costs
Corporate Management - Fraud	(30)	(30)	(30)	CMC July 2021 - increased costs offset by recharges to HRA
Public Accountability - External Audit - reduced provision for fee increase	(8)	(8)	(8)	
Public accountability - External audit - increase in charges	39			for 20/21 audit
Public Accountability - External Audit - contribution from PSAA	(7)			
Council tax - increased use of Hybrid mail	20	20	20	
Council tax - reduced costs and penalties recovered	30			
Business rates - Business support administration grant	(167)			additional grant unspent
Contingencies Planning - Hydrosnakes replacement	15			
Contingencies Planning - Community resilience volunteers	4	1	1	
Salaries - variance over salary vacancy target	(260)			savings from increased vacancies (excluding VR)
Salaries - Savings from restructuring/VR schemes	(165)	(380)	(380)	(380)
Employers costs - Increase in Employers National Insurance Contributions	120	120	120	Estimated based on 1% on £12m
Training budgets	(40)			In House & General provisions reduced
Car Allowances - general savings from reduced use	(30)	(30)	(20)	(10)
Overhaul of Essential Car User Allowance		(25)	(99)	(99) CMC Nov 2021
Civic Centre - business rates budget reduced	(11)	(11)	(11)	(11)
Civic Centre - increased lettings income reelections	(24)			
Civic Centre - increased rental income	(21)	(9)	(9)	(9)
Chertsey Depot - cleaning restructured	10	10	10	10
Financial services - ACE recruitment costs not saved	30			
Financial services - Internal Audit Increase in contract charges	4	4	4	4 Increase in daily audit fees from 1 April 2021
Financial services - Insurance services - Hardening insurance market	40	40	40	40 Assumed 5% increase in premiums based on recent history & ongoing insurance negotiations
Financial services - increased costs recovered	(18)	(18)	(18)	(18)
Miscellaneous income - interest receivable	(82)			
Digital services - additional IT training costs	12			
Digital services - additional IT maintenance costs	37	36	35	34 Citrix & Wi-Fi related maintenance
Document management - savings in IT maintenance costs	(15)	(15)	(15)	(15)
Runnymede Web - savings in IT maintenance costs	(7)	(7)	(7)	(7)
Human Resources - Restructuring	29	29	29	29 Subject to Cttee approval
Legal & Governance - Legal services staffing - temp additional commercial property staffing	(60)	(60)	(60)	(60) CMC February 2021 - approved to 31 March 2022
Law & Governance - Legal & Democratic Services Review	100	100	100	100 To be confirmed - At top of scale cost

#### LEGACY Changes

Planned Underspend carried forward from 2020/21	44			
Public Accountability - Enterprise zone	(15)	(15)	(15)	£15k One off budget provision in 2021/22. Removed from base budget thereafter

Democratic Representation - Media training			4	Training for CLT & Members. Estimated requirement every 4 years starting in 2019/20.
Democratic Representation - Independent remuneration panel	3			3 Provision required every 3 years (2021/22 & 2024/25)
Elections - Borough running expenses	3	63	30	30 Borough only 2022/23, shared in 2023/24 & 2024/25
Elections - Market supplement extended to July 2023			(4)	(6) CMC July 2021
Local Land Charges - Income		(10)	(10)	(10) Income achieved in 2021/22 because of stamp duty relief.
Salaries - apprenticeship provision not fully utilised		15	30	45 CMC June 2017. Full provision never used.
Employers costs - increase in pension %		25	25	25 Effects of Triennial review (April 2020 & April 2023)
Training budget - management development	(17)	2	(20)	(20) £37k one off provision in 2020/21 of which £15k deferred to 2021/22. Leaving a balance of £22k in 2022/23. Remove from base budget thereafter
Financial services Insurance - broker fees			5	Tender consultancy advice every 5 years (2023/24)
Digital Transformation - Revenue increased computer maintenance costs	21	16	11	6
Digital Transformation - Adobe maintenance savings		(7)	(7)	(7)
Digital Transformation - Customer services computer maintenance savings		(10)	(10)	(10) Agreed at CMC May 2020 - old system costs ceasing

### Corporate Management Committee - Land & Property

#### NEW Changes

Income from purchase of Two Rivers, Chertsey (net of borrowing costs)		(125)	(125)	(125)	
Addlestone One - S&W cat ladder instalment	6				To enable better ventilation and fire safety access
Addlestone One - The Light - Professional advice	5				Professional advice re restructure of the lease due to impact of COVID
Abbey Groves - GX Tech - Professional advice	5				Professional advice re potential lease surrender due to impact of COVID
St Judes - remedial works & compensation for loss of income	28				Damp issues ongoing from previous remedial works, £28k estimate loss of income to RBCI, need estimate of cost of works
Pine Trees - Tenable carpet fit out contribution & glazing repairs	67				Landlord contribution to tenant's carpet fit out, contractual agreement but Finance not informed. Further glazing repairs required
Magna Sq - Student Block service charges	20				
Egham Bus Park - roof repairs consultancy	20				may be recoverable from developer
Egham Waitrose car park - income loss due Covid restrictions	25				

#### LEGACY Changes

Planned Underspends carried forward from 2020/21	188				
Property Development - Ashdene - development cost to be capitalised	276	272	272	272	272 Base budget assumed capitalisation of initial project costs in 21/22, project now aborted, site to be sold
Property Development - Pine Trees - Feasibility		(40)	(40)	(40)	£85k part deferred to 2021/22. Removed from base budget thereafter
Property Development - Addlestone One residential marketing costs			(16)	(16)	Remaining units not expected to sell until remedial works completed. Removed from base budget thereafter
Property Development - Egham Gateway residential marketing costs		(10)	(35)	(35)	Initial marketing costs, assume still some cost in 21/23. Removed from base budget thereafter as offset by capital receipt
Staffing - Staff reorganisation		30	30	30	CMC December 2020
Corporate property - Property surveys		(45)	(45)	(45)	Stock condition, EPC rating, Tree surveys and insurance reinstatement value surveys. After initial spend reduces to maintenance costs only.
Corporate property income/rents	(282)	(2,172)	(3,823)	(4,477)	See Property income tab
Corporate property income - Audio Visual Information Boards		(5)	(5)	(5)	Income recovery post covid19 pandemic
Laser House - Surveyors Fees		(5)	(5)	(5)	One off cost in base budget for 21/22. Removed from base budget thereafter
LSC Laser House - Planned Redecoration aborted	(33)	(33)	(33)	(33)	One off cost in base budget for 21/22, project aborted, remove from base budget and thereafter
LSC Laser House - void costs until building sold		(35)	(54)	(54)	One off cost in base budget for 21/22. Removed from base budget thereafter - assume still some cost in 22/23, then all void costs drop out

Pine Trees - Legal/Marketing for letting vacant units			(145)	(145)	Budget unlikely to be used in 21/22 due to depressed market for office space, move to 22/23 then drops out
Addlestone One - additional void costs		(45)	(62)	(90)	assumes vacancies will decrease by 25% per year
Magna Sq - void costs	50	210	120		Assumes minimal revenue costs while under construction follows by reducing vacancies. Unbudgeted NDR costs in 21/22 due to delays to project
<b>General</b>					
<b>NEW Changes</b>					
Strategic maintenance plan - additional savings identified	(53)				
Transport costs - savings	(121)				savings due to reduced vehicle usage during Covid
GF recharges to the HRA	(46)	(98)	(98)	(98)	increase in recharges
<b>LEGACY Changes</b>					
Strategic maintenance plan	(32)	(53)	(51)	(65)	Variations in Strategic Maintenance Plan as agreed at CMC February 2021
Transport costs - repairs		10	20	30	Increasing costs as vehicles get older
Inflation		821	1,285	1,721	
Roundings	(90)	(65)			
<b>Total Budget Adjustments</b>	<b>(834)</b>	<b>(1,085)</b>	<b>(2,704)</b>	<b>(3,090)</b>	

<b>New Cost Pressures</b>
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	Forecast 2022/23	
	£'000	£'000
<b>New cost pressures identified:</b>		
Inflation (increase over MTFS provision of £392k)	429	
Homelessness reduction grant funding falling away	200	
Refuse & Recycling staffing review	132	
Increase in Employers National Insurance Contributions	120	
Provision for Consultancy for Local Plan (£240k asked for)	100	
Provision for Planning Appeals	100	
Legal & Democratic Services Review	100	
Day Centre Support Assistants - Funding dropping out	50	
Community Services & Community Development Review	50	
Economic Development growth	40	
Hardening insurance market	40	
Neighbourhood Planning Forums	30	
External Audit charges	30	
Human Resources Review	29	
Grant Aid - Christmas Lights etc	10	
	1,460	
<b>Potential costs identified:</b>		
Environmental Bill (effects of)		?
Strategic maintenance - Provision for general maintenance of buildings		?
Climate Change initiatives		?
<b>Total NEW Cost Pressures</b>	<b>0</b>	

<b>Potential Income/Revenue reduction ideas</b>
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	Forecast 2022/23	
	£'000	£'000
<b>Savings / income generation identified:</b>		
* Voluntary Redundancy scheme (net of £340k new posts)	380	
* Car Parks - increase in income from ANPR installation	100	
* Reduced contribution towards Surrey Travellers site	45	
* Overhaul of Essential Car User Allowance (£99k in a full year)	25	
* Careline income - Woking BC (net of costs)	19	
* Rough Sleeping Accommodation Programme	13	
* Out of Hours Contracts - Spelthorne BC	5	
	587	587
<b>Potential incoming resources:</b>		
* Egham Orbit additional income (potential to double)	200	
* CCTV Contracts	150	
* Partnership working with the NHS (Chertsey property - net of borrowing costs)	125	
Increased Trade Waste income	100	
Further rental of Civic Centre office space	100	
Shared Services - potential income, efficiency, savings	50	
Community Services transport contracts	50	
	775	775
<b>Longer Term income opportunities:</b>		
Addlestone 2 - potential development/partnership work on Addlestone DC Site	300	
Further Service reviews	100	
Egham Library site (mainly Capital Receipt generation)	?	
	400	400
<b>Total NEW Potential Income/Revenue reduction ideas</b>	<b>1,762</b>	

<b>Summary</b>	<b>£'000</b>
Savings / income generation identified:	587
Potential incoming resources:	775
Longer Term income opportunities:	400
<b>Total NEW Potential Income/Revenue reduction ideas</b>	<b>1,762</b>

## GENERAL FUND REVENUE RESERVES

### CALCULATION OF MINIMUM PRUDENT BALANCE

The Local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year.

The minimum recommended level of unallocated General Fund reserves is based on an assessment of the following risks and uncertainties using 2021/22 estimates as the basis of the calculations:

Item Description	Calculation basis			Total £000
	Base £000	%	Total	
<b>1 Provision for shortfall in major income budgets</b>				
Arising from, for example, economic downturn:				
Planning Fees	600	15	90	
Building Control Fees	344	15	52	
Local land charges	235	15	35	
Car Park income	636	10	64	
Corporate property - voids allowance for lost income	23,686	0	0	
2.5% bad debts/voids accounted for in above figure				
Recycling and Green waste collection income	535	10	54	
Trade refuse collections (net of disposal cost)	472	15	71	
	<u>26,508</u>		<u>365</u>	365
<b>2 Provision for uninsured risks</b>				
Based on maximum stop-loss				100
<b>3 Emergencies</b>				
Cost of major incident (not covered by Bellwin scheme reimbursement)				100
Business contingencies (disaster recovery)				250
<b>4 Planning appeals and enquiries</b>				
Estimated cost of a major inquiry				150
<b>5 Potential additional service expenditure (not provided for in base budget)</b>				
Homelessness budget				100
Corporate property - holding costs of void properties	23,686	8		1,895
				<u>2,960</u>

**General Fund Capital Programme 2020/21 to 2025/26**

**Appendix 5**

Scheme Details	Approved	Updated	Actual to 31 Mar 21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Comments
	Budget	Budget							
	£	£	£	£	£	£	£	£	
<b>Housing Services</b>									
<b>Improvement Grants/Loans (private sector properties)</b>									
Disabled Facilities Grants	5,350,000	2,675,000		535,000	535,000	535,000	535,000	535,000	Funded by grant
Discretionary Renovation Grants	299,760	149,880		29,976	29,976	29,976	29,976	29,976	
Minor Works Assistance Grants	169,700	84,850		16,970	16,970	16,970	16,970	16,970	
Loans - Granted	400,000	200,000		40,000	40,000	40,000	40,000	40,000	
Moving Home Scheme Loans	295,610	147,805		29,561	29,561	29,561	29,561	29,561	
		0							
<b>Capital Schemes (non-council housing)</b>									
Purchase of 3 properties for rough sleepers	0	700,000		700,000					Scheme subject to future committee report. Part Homes England funding, part s106
Sleeping Pods - Salvation Army Premises	20,000	20,000	11,169	8,831					
		0							
<b>Capital Schemes (HRA Housing)</b>									
Capitalisation of improvement works	65,976,000	30,976,000		2,976,000	7,000,000	7,000,000	7,000,000	7,000,000	Capitalisation at year end. Met from MRR in 21/22& 22/23 Part financed by use of Housing receipts not paid to the Government Pool - New Build Housing
Purchase of Property	12,700,000	5,900,000		1,000,000	1,300,000	1,000,000	1,300,000	1,300,000	
St Georges Development, Addlestone	2,127,930	2,127,930	947,573	1,180,357					
Dunkirk Nursery Land Purchase	3,592,136	3,592,136	842,136		1,250,000	1,500,000			Future works subject to Committee report.
HRA Grants to Registered Providers	2,000,000	2,000,000		500,000	500,000	500,000	500,000		Provision of new affordable housing and the use of retained 1-4-1 right to buy capital receipts. Funded 100% from 1-4-1 set aside receipts Part financed by use of Housing receipts not paid to the Government Pool. Garage conversions - subject to committee report and approval £25m programme as per HRA Business Plan - Hsg Cttee Mar 21. Last two years funded from borrowing
Conversion of garages into temporary accommodation	900,000	900,000			300,000	600,000			
New Build Programme:		20,500,000			5,000,000	5,000,000	5,000,000	5,500,000	
Purchase of land - Kennett Lane, Chertsey	0	4,500,000		4,500,000					
	<b>93,831,136</b>	<b>74,473,601</b>	<b>1,800,878</b>	<b>11,516,695</b>	<b>16,001,507</b>	<b>16,251,507</b>	<b>14,451,507</b>	<b>14,451,507</b>	
<b>Environment &amp; Sustainability</b>									
<b>Environmental Services</b>									
Depot vehicle fleet replacement programme	4,525,503	2,803,268	1,996,155	109,113			386,000	312,000	Post 20/21 budgets subject to future committee report (Based on replacement schedule Dec 18)
River Thames Flooding Scheme	5,000,000	5,000,000		2,000,000	2,000,000	1,000,000			
A320 North of Woking HiF Scheme	2,000,000	2,000,000				2,000,000			
ANPR Car Parking Programme	0	500,000			500,000				Scheme subject to future committee report Scheme subject to future committee report
Replacement car parking vehicles		50,000			50,000				
	<b>11,525,503</b>	<b>10,353,268</b>	<b>1,996,155</b>	<b>2,109,113</b>	<b>2,550,000</b>	<b>3,000,000</b>	<b>386,000</b>	<b>312,000</b>	
<b>Community Services</b>									
<b>Community Transport</b>									
Vehicle fleet replacement programme:		0							
- Approved purchases	187,146	187,146		187,146					
- Future provision	826,000	781,000		61,000	288,000		144,000	288,000	
		0							
<b>Community Development</b>									
<b>Safer Runnymede</b>									
CCTV Equipment Replacement	1,000,000	500,000		100,000	100,000	100,000	100,000	100,000	Annual provision available to draw down
		0							
<b>Grant Aid to Sporting and Community Organisations</b>									
Grants to Local Organisations	200,000	100,000		20,000	20,000	20,000	20,000	20,000	Annual provision available to draw down
		0							
<b>Parks and Open Spaces</b>									
Runnymede Pleasure Ground	4,781,000	4,781,000	467,688				4,313,312		
New Bike Track - Kings Lane Open Space	30,000	30,000		30,000					
Replacement play area programme	900,000	400,000			100,000	100,000	100,000	100,000	Scheme subject to future committee report



Parks Vehicle replacement programme	200,000	132,000		68,000	18,000	12,000	34,000		
Grounds Maintenance Contract Vehicles	236,000	420,000		420,000					Scheme subject to future committee report & dependant on Norse proposal outcome
		0							
<b>General Schemes</b>	0	0							
Youth Café	120,000	160,000		160,000					Scheme subject to future committee report
1st Chertsey Scout Hut demolition	55,000	55,000	40,272	14,728					
	<b>8,535,146</b>	<b>7,546,146</b>	<b>507,960</b>	<b>1,060,874</b>	<b>526,000</b>	<b>232,000</b>	<b>4,711,312</b>	<b>508,000</b>	
<b>Corporate &amp; Business Services</b>		0							
<b>General Schemes</b>		0							
Provision for Asset Management	12,250,000	4,250,000		350,000	500,000	500,000	500,000	2,400,000	
Development Loans to RBCI (Egham Gateway)	14,431,340	12,644,500		6,444,500	6,200,000				non -financial investment - Offset by Capital Receipt
Depot Refurbishment works	250,000	290,000		145,000	145,000				
Capital Contribution towards Surreywide Travellers' Site	200,000	200,000			200,000				
Restructuring & Transformation - Staff costs		1,500,000		1,500,000					Capital Directive to be funded from Capital Receipts
Restructuring & Transformation - ICT & PPE		500,000		500,000					Scheme subject to future committee report
Green Homes - raising energy efficiency ratings		2,897,500		2,897,500					Met from grant
		0							
<b>ICT Schemes</b>		0							
ICT Hardware Replacement (Incl Members)	1,409,684	797,184		307,184	122,500	122,500	122,500	122,500	Annual provision available to draw down
ICT Upgrades & Developments	1,132,072	632,072		232,072	100,000	100,000	100,000	100,000	Annual provision available to draw down
E- Procurement System	20,000	20,000			20,000				
<b>Digital Transformation Strategy</b>	0	0							
Retendering Systems - Provision	2,763,500	1,250,000		250,000	500,000	500,000			Provision reduced and reprofiled
- Income Management System	91,800	91,800	67,054	24,746	0				
- Northgate Systems (Revs, Bens, Hsg, Planning, Info@work)	511,500	511,500	89,363	422,137					
- Housing Northgate system upgrade		246,382		123,191	123,191				Funded from HRA balances
- Customer Relationship Management & Content Managemnt System	300,000	300,000	200,560	99,440					
- Modern.gov system	25,000	22,570		22,570					
- Bartec upgrade	10,000	10,000		10,000					Scheme subject to future committee report
- Financial Management System	500,000	500,000		100,000	400,000				Scheme subject to future committee report - Reprofiled
- GDPR Data Recovery	15,000	15,000		15,000					Scheme subject to future committee report
- Network and Infrastructure update	60,000	90,000		90,000					Scheme subject to future committee report
- Combined HR & Payroll system	40,000	40,000		10,000	30,000				Scheme subject to future committee report - Reprofiled
- Telephony system	100,000	100,000		100,000					
- Parking Services system		25,000		25,000					
- Environmental Services system	170,000	170,000			170,000				Scheme subject to future committee report
- Sharepoint	50,000	50,000			50,000				Scheme subject to future committee report
- Land Charges system	60,000	60,000			60,000				Scheme subject to future committee report
	0	0							
<b>Property related schemes</b>	0	0							
Addlestone ONE Project	79,984,528	79,984,528	77,704,895	2,279,633					
Addlestone One refurbishment		4,520,000			3,000,000	1,520,000			
Addlestone One Internet upgrade		100,000			100,000				Scheme subject to future committee report
Egham Gateway West (Magna Square) Regeneration	90,000,000	90,000,000	46,685,209	38,474,791	4,840,000				Scheme funding revised to borrow £80m of the £90m cost
Provision for purchases for regeneration purposes	10,000,000	20,000,000		10,000,000	5,000,000	5,000,000			Any potential purchases subject to future committee report
Chertsey Business Park	18,820,000	18,820,000	18,377,497	442,503					non -financial investment
	<b>233,194,424</b>	<b>240,638,036</b>	<b>143,124,578</b>	<b>64,865,267</b>	<b>21,560,691</b>	<b>7,742,500</b>	<b>722,500</b>	<b>2,622,500</b>	
		0							
		0							
<b>Summary</b>		0							
Housing Services	93,831,136	74,473,601	1,800,878	11,516,695	16,001,507	16,251,507	14,451,507	14,451,507	
Community Services	8,535,146	7,546,146	507,960	1,060,874	526,000	232,000	4,711,312	508,000	
Environment & Sustainability	11,525,503	10,353,268	1,996,155	2,109,113	2,550,000	3,000,000	386,000	312,000	
Corporate and Business Services	233,194,424	240,638,036	143,124,578	64,865,267	21,560,691	7,742,500	722,500	2,622,500	
	<b>347,086,209</b>	<b>333,011,051</b>	<b>147,429,571</b>	<b>79,551,949</b>	<b>40,638,198</b>	<b>27,226,007</b>	<b>20,271,319</b>	<b>17,894,007</b>	
		0							
<b>Method of Financing</b>									
<b>Direct Revenue Contributions:</b>									
HRA Balances				6,355,429	7,830,001	15,200,001	8,280,001	7,780,001	
HRA Major Repairs reserve				2,976,000	7,000,000	0	0	0	

Earmarked Reserves

Equipment Repairs and Renewals Reserve	1,484,515	728,500	434,500	500,500	610,500	All vehicle and Equipment schemes
Property Repairs and Renewals Reserve	1,945,000	645,000	500,000	500,000	500,000	Offsets Provision for Asset Management

Other Grants & Contributions:

Improvement grants and loans	651,507	651,507	651,507	651,507	651,507	
Purchase of 3 properties for rough sleepers	700,000					
Sleeping Pods - Salvation Army Premises	8,831					
New Bike Track - Kings Lane Open Space	30,000					s106 contributiion
Purchase of 3 properties for rough sleepers	700,000					Part of Housing Support Grant for the vulnerable
Green Homes - raising energy efficiency ratings	2,897,500					

Capital Resources

Capital Receipts - usable	14,781,311	14,303,190	4,799,999	4,819,311	2,331,999	
Capital Receipts - housing replacement, Set Aside Receipts	824,929	640,000	640,000	520,000	520,000	40% of HRA property Purchases and New Builds

Prudential Borrowing

Housing New Build				5,000,000	5,500,000	Assumes final 2 years of programme borrowed
Purchases for regeneration purposes	10,000,000	5,000,000	5,000,000	0	0	
Addlestone One	2,279,633	0	0	0	0	
Egham Gateway West Regeneration scheme	33,474,791	3,840,000	0	0	0	Borrowing up to £80m
Chertsey Business Park regen scheme	442,503	0	0	0	0	

Internal Borrowing

<b>79,551,949</b>	<b>40,638,198</b>	<b>27,226,007</b>	<b>20,271,319</b>	<b>17,894,007</b>
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