

# 2022/23 Budget and Medium Term Financial Plan 2022/23 to 2024/25

Cabinet: January 2022



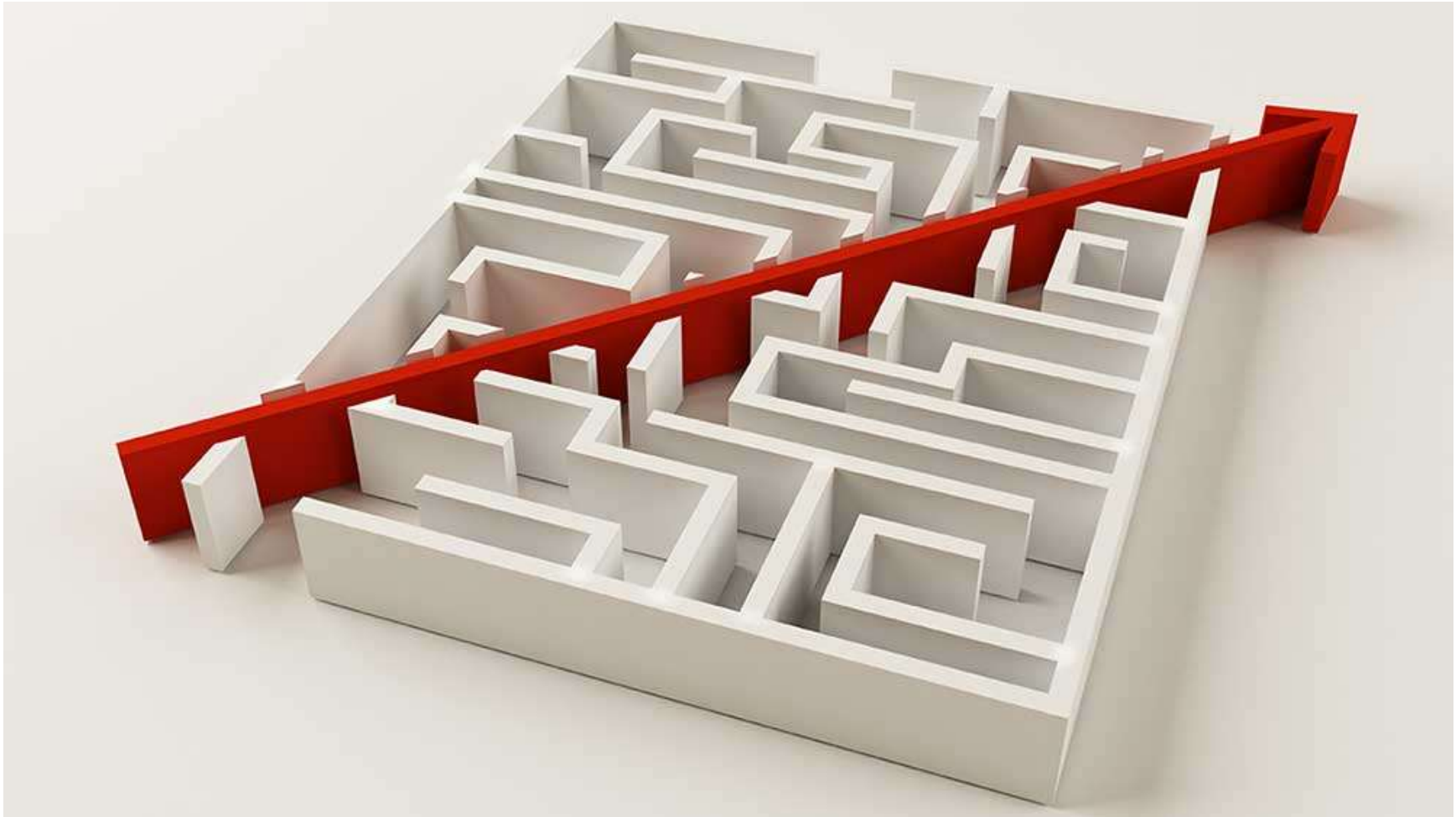
**Bromsgrove**  
District Council

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**Slide 1**

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**JHEDoR2** James Howse - Executive Director of Resources, 02/11/2021



# Agenda

1. Intro and Purpose
2. Revisit previous conclusions
3. Previous agreed next steps
4. Context (a reminder)
5. Reallocation of Earmarked to General Fund Reserves
6. Emerging Budget Pressures
7. Council Tax
8. RPP and Emerging Budget Options
9. Conclusions and next steps



# 1. Intro and Purpose

- Build upon previous discussions regarding improving the challenged financial position of BDC
- Present emerging budget considerations, options, recommendations and forecasts
- Cut through the complexity of the Budget
- Get an initial steer from the Cabinet prior to:
  - further work
  - Continued member engagement on emerging budget
  - finalising formal budget reports.



## **2. Revisit previous Cabinet Budget conclusions**

- The financial position and context is challenging.
  - The Financial Strategy should therefore focus on at least maintaining General Fund balances.
  - Strict rules and various statute heavily regulates the Local Gov Finance and budget setting process
  - Budget setting is a cycle – not a one off
  - Funding comes predominantly from CT and business rates
  - Risks include significant amounts of uncertainty
  - Next steps are to present budget options
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### **3. Previous agreed next steps**

- 1) Finalise Outturn and clarify starting position (*Done, circa £0.2m overspend in 20/21*)
  
  - 2) CMT working to identify options to re-prioritise limited resources:
    - a) Options for doing things differently / more efficiently / Options to stop doing
    - b) Options to increase income
    - c) Options to remove budget 'slack'
    - d) Options to release earmarked reserves back to general fund.
  
  - 3) Present options for Budget back to Cabinet
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## 4. Context – General Fund Balances

RESERVE BALANCES			
Feb 21 Forecasts	31/3/22	31/3/23	31/3/24
	(£m)	(£m)	(£m)
General Fund (NB minimum = £1.5m)	4.3	4.3	3.2

- The Council's financial reserves are currently adequate (but no more) – and above minimum levels - but forecast to reduce without further action.
- Note: to achieve these numbers - savings of circa £0.5m per annum over the term need to still be delivered.
- Note: All forecasts need to be updated for Covid-19 and other matters.
- Note: There is significant planning uncertainty risk currently.

**Conclusion: This financial position and context is challenging. The Financial Strategy should therefore focus on at least maintaining General Fund balances.**

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## **5. Reallocation of Earmarked Reserves to the General Fund**

Re the strategic focus of increasing the General Fund balance – an important practical step is to **reallocate Earmarked Reserves back to General Fund where possible.**

This ensures that we have an accurate assessment of the Council's 'rainy day funds' – used to mitigate risk and ensure finances remain sustainable.

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**JHEDoR3**

James Howse - Executive Director of Resources, 22/10/2021

## 6. Emerging Budget Pressures

- Starting budget gap
- Covid and impact on delivery of savings
- Inflationary pressures – BoE forecast of 5% by April 2022
- Utility costs are currently at an historic high as seen with gas prices
- Salaries budgeted at 1% but likely to be higher as inflation is climbing
- Demand for Leisure services post Covid? This is an underlying uncertainty.
- ICT and additional agile working demands on IT kit and cyber controls

**Emerging Budget Recommendation: Cabinet notes significant budgetary pressures. Cabinet supports principle of minimum full cost recovery on fees & charges (including 5% inflationary pressures).**

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## 7. Council Tax – Beware the Multiplier!

- NB: Due to the CT cap – a decision in any one year not to increase CT – has a recurring year on year impact on the General Fund!! In effect you can never ‘catch this back up’.

Impact on General Fund of zero CT rise	Year 1	Year 2	Year 3	Year 4	TOTAL
	£m	£m	£m	£m	£m
Impact of not increasing by £5 in Year 1	0.2	0.2	0.2	0.2	<b>0.8</b>
Impact of not increasing by £5 in Year 2		0.2	0.2	0.2	<b>0.6</b>
Impact of not increasing by £5 in Year 3			0.2	0.2	<b>0.4</b>
Impact of not increasing by £5 in Year 4				0.2	<b>0.2</b>
<b>Total over the Medium Term (4 years)</b>					<b>2.0</b>



**Emerging Budget Recommendation: No change in MTFP assumptions re Council Tax. Increase CT by £5 in 22/23.**



# 8. Resource Planning and Prioritisation (RPP) and Emerging Budget Options

CMT working to identify options to re-prioritise limited resources:

- a. Options for doing things differently / more efficiently / reduce costs
  - b. Options to increase income
  - c. Options to stop doing (do less)
  - d. Pipeline of potential projects (for inclusion in future budgets subject to business case)
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## **5. Emerging RPP Options: Further approved work**

Following previous Cabinet steer, further work is being undertaken within the budget re:

- **cost reduction initiatives including consumables (paper) and print costs.**
  - **additional income opportunities including in the areas of bulky waste, charging for replacement wheeled bins, property rentals and Council Tax empty premiums.**
  - **Maximising the impact and affordability of non statutory services and reviewing grants to partners.**
  - **Identifying further projects, initiatives and ‘Invest to Save’ opportunities that could be built into future budgets.**
  - **Consideration of an ‘Invest to save’ Earmarked Reserve.**
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**JHEDoR8**

James Howse - Executive Director of Resources, 15/11/2021

## 9. Conclusions

- The financial position and context is challenging.
  - The Financial Strategy should therefore focus on at least maintaining General Fund balances.
  - Funds should be reallocated from Earmarked to General Fund Reserves.
  - An 'Invest to Save' Earmarked Reserve should be set up.
  - There are a number of budget pressures including pay / non pay inflation.
  - Budget options which must be considered include options to stop doing / do less, reduce costs and increase income.
  - A number of emerging budget recommendations brought to Cabinet for consideration.
  - No change proposed in MTFP re Council Tax. Increase CT by £5 in 22/23.
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