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| Agenda Item No: | 6 |  |
| Committee: | Cabinet | |
| Date: | 14 December 2020 | |
| Report Title: | Revised General Fund Budget and Capital Programme 2020/21; Draft General Fund Budget Estimates 2021/22 and Draft Medium Term Financial Strategy (MTFS) 2021/22 to 2025/26; Capital Programme 2021 - 2024 | |

Cover sheet:

1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2020/21;
- the Draft General Fund Budget Estimates 2021/22 and the Draft Medium Term Financial Strategy 2021/22 to 2025/26 for consultation;
- Capital Programme 2021-2024.

2 Key issues

- Business Rates Baseline Funding (Settlement Funding Assessment) in 2021/22 is expected to increase by 0.5% (CPI as at September 2020). However, the Provisional Local Government Finance Settlement announcement is not expected until around 17 December 2020. **Consequently, until the details of the Finance Settlement have been received, the figures detailed in this report should be treated as being provisional.**
- In accordance with the motion adopted by Council in July 2019, a 0% Council Tax increase has been included in the MTFS for 2021/22 and over the medium term.
- Council Tax Referendum limits for 2021/22 have yet to be formally announced. It is expected that they will be set at an increase of 2% or £5 whichever is the higher.
- Projections for 2020/21 are currently forecasting a shortfall of £485k at the end of the financial year, after taking into account all government Covid-19 support packages expected to be received for this financial year.
- Current forecasts for 2021/22 show a shortfall of £918k based on the assumptions detailed in Appendix C. This shortfall increases year on year, reaching £1.866m in 2025/26.
- At this time, nothing has been included in the 2021/22 budget estimates and MTFS in relation to a number of 'unknowns' which could potentially both increase funding and increase costs (as detailed in paragraph 8.9 of the report). Further information is expected over the next few weeks and this will be incorporated where possible, into the final budget report in February 2021.
- The final deficits for 2020/21 and 2021/22 will have to be funded from Council reserves (current balances shown in Appendix E). At this stage, due to the many uncertainties around the potential deficits, there is no requirement to formally approve any amounts to be funded from reserves.

- An updated Capital Programme for 2020/21 and for the medium term 2021-24 is proposed.
- Given the scale of the challenges and uncertainties faced by the Council, the financial forecasts represent a significant achievement, demonstrating the focus from Members and Officers throughout the Council in delivering the required savings.
- The Council continues to focus on delivering quality services and to minimise the impact on front-line services.

3 Recommendations

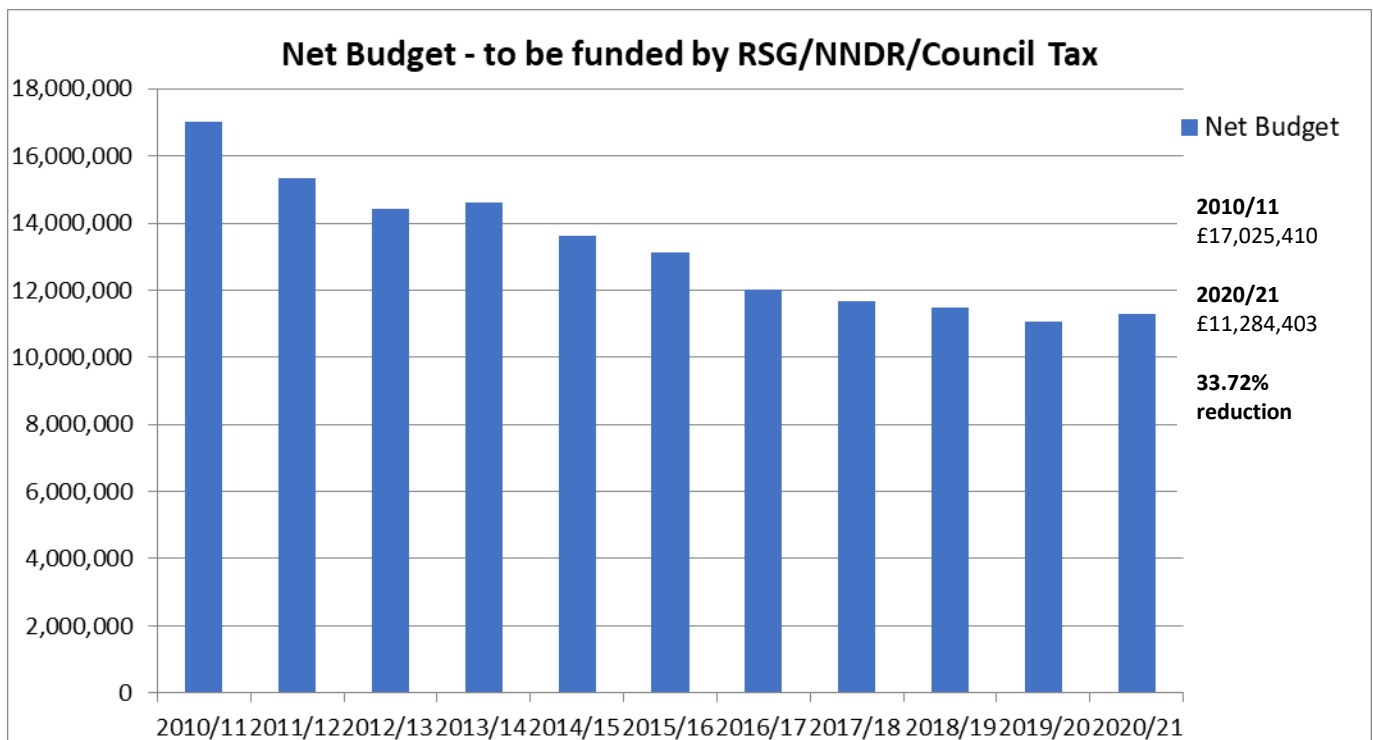
- It is recommended that:-
 - (i) the draft budget proposals for 2021/22 outlined in this report be approved for consultation;
 - (ii) the revised General Fund Budget and revised Capital Programme for 2020/21 be approved;
 - (iii) the proposed Capital Programme for 2021-2024 be approved.

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| Wards Affected | All |
| Portfolio Holder(s) | Cllr Chris Boden, Leader and Portfolio Holder, Finance |
| Report Originator(s) | Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant |
| Contact Officer(s) | Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant |
| Background Paper(s) | Provisional Finance settlement – Ministry for Housing, Communities and Local Government (MHCLG). Spending Round 2020 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2020. |

Report:

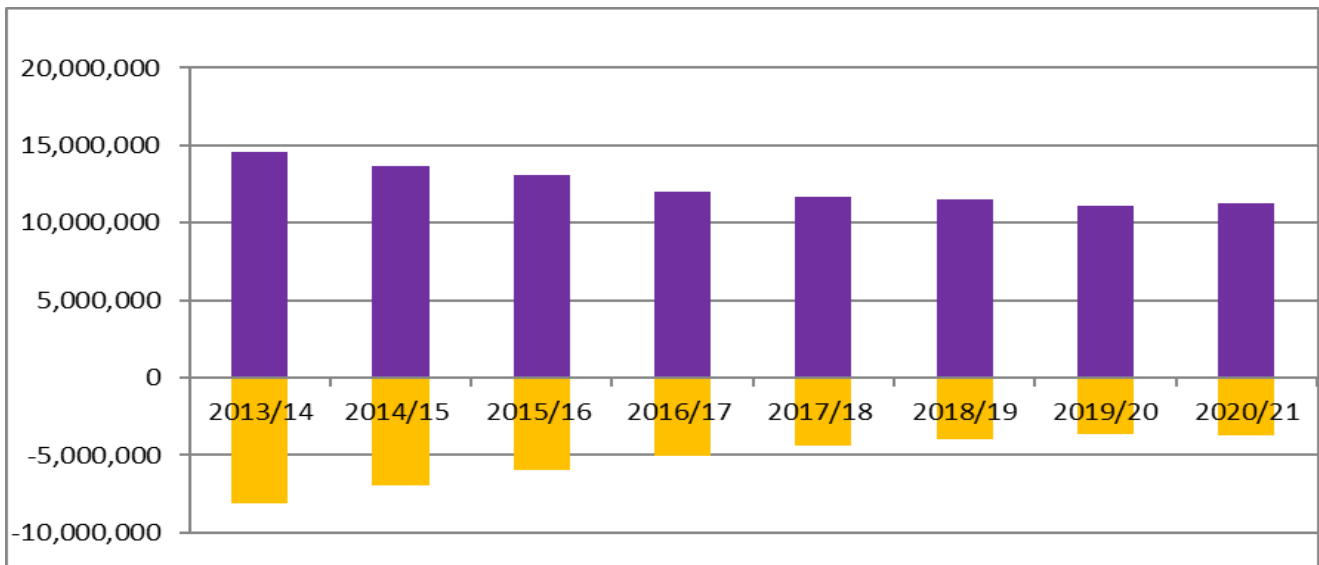
1 INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Business Plan 2021/22. Revenue budget estimates are draft at this stage and along with the draft Business Plan will be subject to public and stakeholder consultation prior to final budget and council tax setting for 2021/22 in February 2021.
- 1.2 Much of the financial information provided is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. Some of these factors, such as the final level of external grant support, the impact of the potential Business Rates Pooling arrangements and the level of Government set fees, will not be known until later in the process and any amendments will be reported to Cabinet and Council at the February 2021 budget setting meeting.
- 1.3 Local Government has been at the forefront of the austerity measures introduced by the government to reduce the national deficit following the General Election in 2010. This Council has had to reduce its Net Budget significantly since 2010 and by the end of 2020/21 it will have reduced by 35.03%. This is exemplified in the graph below:

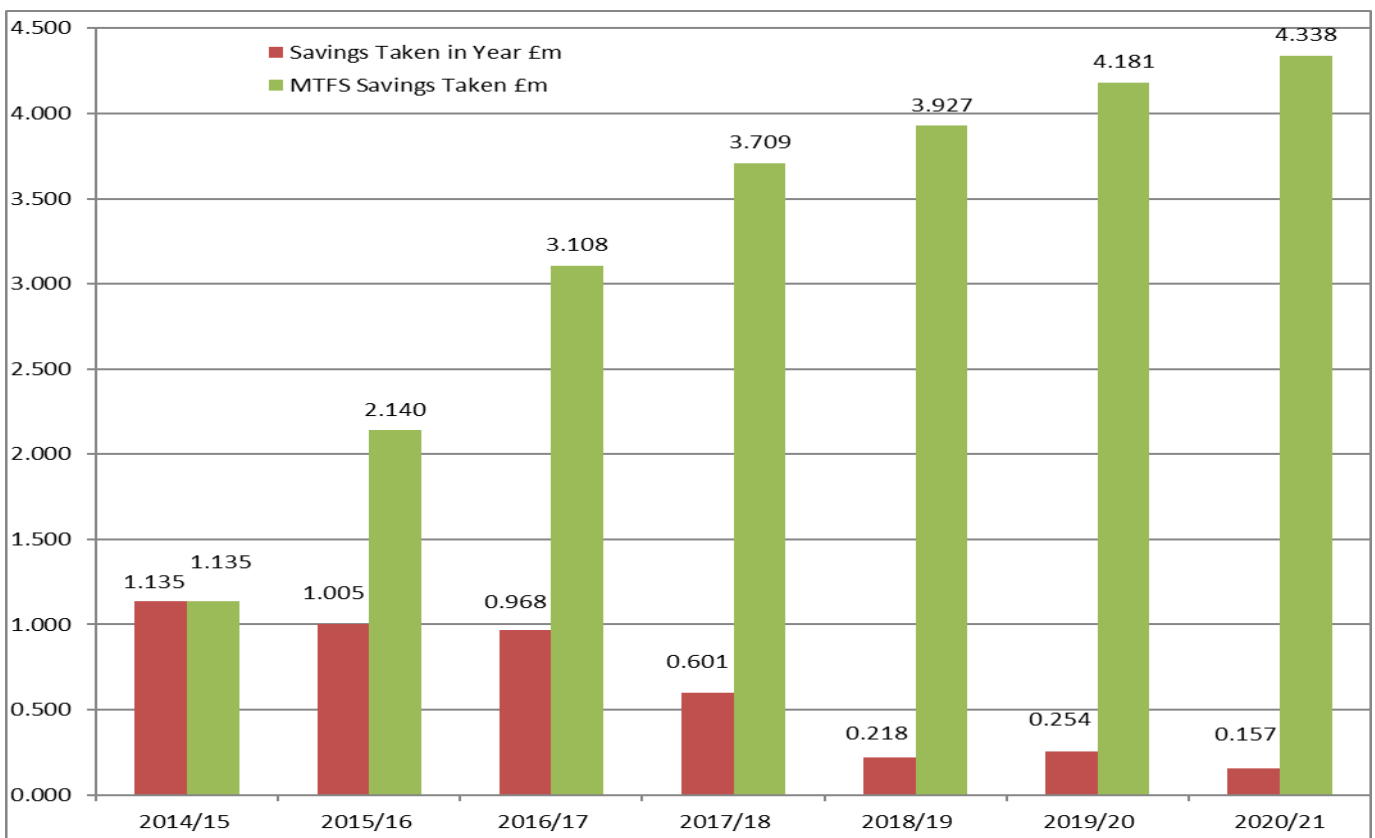


- 1.4 Since 2013/14 government support has reduced by around 54% and the Council's net budget by around 23% as illustrated in the following tables. In addition, Council Tax referendum principles have restricted increases in Council Tax.

| | 2013/14 | 2020/21 | Reduction | % |
|------------------|-------------|-------------|------------|-------|
| Government Grant | £8,094,919 | £3,701,878 | £4,393,041 | 54.27 |
| Net Budget | £14,604,750 | £11,284,403 | £3,320,347 | 22.73 |



1.5 The following graph illustrates how successful the Council has been in delivering savings over the last 7 years, enabling it to achieve balanced budgets each year.



During these years, Members have been very clear, that where possible, front line services should be protected. The Council's strategy of identifying savings at least 12 months in advance of the financial year has led to the successful delivery of the required savings targets and means the Council are in a good position to meet the challenges of 2021/22 and beyond. These savings have been achieved through a number of ways, such as Management and Service reviews, shared services, procurement and income generation.

2 2020 SPENDING ROUND AND LOCAL GOVERNMENT FINANCE SETTLEMENT TECHNICAL CONSULTATION

- 2.1 On 25 November 2020, the Government outlined its' spending plans for 2021/22 by setting budgets for each central government department.
- 2.2 The relevant points for this Council from these announcements are as follows:
- Local Government's business rate baseline funding levels will increase in line with inflation (determined by the CPI rate as at September 2020, ie. 0.5%);
 - A proposed Council Tax referendum limit of 2% or £5 (together with an additional 3% increase for Adult Social Care). Police and Crime Commissioners can increase their precept by £15;
 - Public Sector pay freeze. Pay frozen ('paused') for public sector workers earning £24,000 and above. Those earning below this will receive a minimum of £250. Although Local Government pay is negotiated separately, it is expected that this will form the basis of the pay award for 2021/22;
 - Additional funding to reduce rough sleeping and homelessness;
 - The business rate multiplier will be frozen in 2021/22. Local authorities will be fully compensated for this decision. There are no plans at present to extend the business rates reliefs given in 2020/21 into 2021/22, although this will be kept under review;
 - The Government is undertaking a fundamental review of the Business Rates system and are due to report on this in Spring 2021.
 - The Fair Funding Review previously expected in April 2021 has been delayed with no information about when this will happen in the future;
 - Continuation of the New Homes Bonus for 2021/22 with no new legacy payments (ie. the payment for 2020/21 will not be rolled forward) and potential changes to the scheme design and allocations in future years;
 - Additional £3bn COVID funding for local authorities in 2021/22 including:
 - additional un-ringfenced grant for spending pressures expected to emerge in the first few months of 2021/22;
 - compensation scheme to fund 75% of irrecoverable losses in council tax and business rates in 2020/21;
 - further support for residents claiming Council Tax Support;
 - the Sales, Fees and Charges income compensation scheme will be extended into the first 3 months of 2021/22;
- 2.3 Details of how this will be converted into specific funding allocations for individual local authorities will be announced as part of the provisional local government finance settlement which is expected week commencing 14 December 2020.
- 2.4 It is anticipated that a 3 year Spending Review will be undertaken by the government in Autumn 2021 covering the period 2022/23 – 2024/25.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Provisional Finance Settlement for 2020/21 is expected during the week commencing 14 December 2020. Consequently, the figures included in this report are estimates based on the funding announcements detailed in section 2 above. It is therefore, conceivable that the figures announced in the Provisional Settlement are different from those detailed in this report. An update on any changes will be given to members at the meeting if available.

- 3.2 The Council's Settlement Funding Assessment for 2021/22 will be made up entirely of its Business Rates Baseline Funding (Revenue Support Grant was phased out in 2019/20) which as detailed above is expected to increase by 0.5%. The figure included in the draft budget is detailed below.

Table 1 – Settlement Funding Assessment (Core Funding) – Estimate prior to provisional settlement

| | Actual 2020/21 £000 | Estimate 2020/21 £000 | 2021/22 % Increase |
|---|------------------------------------|--------------------------------------|-----------------------------------|
| Settlement Funding Assessment (Business Rates Baseline Funding only) | 3,702 | 3,720 | 0.5% |

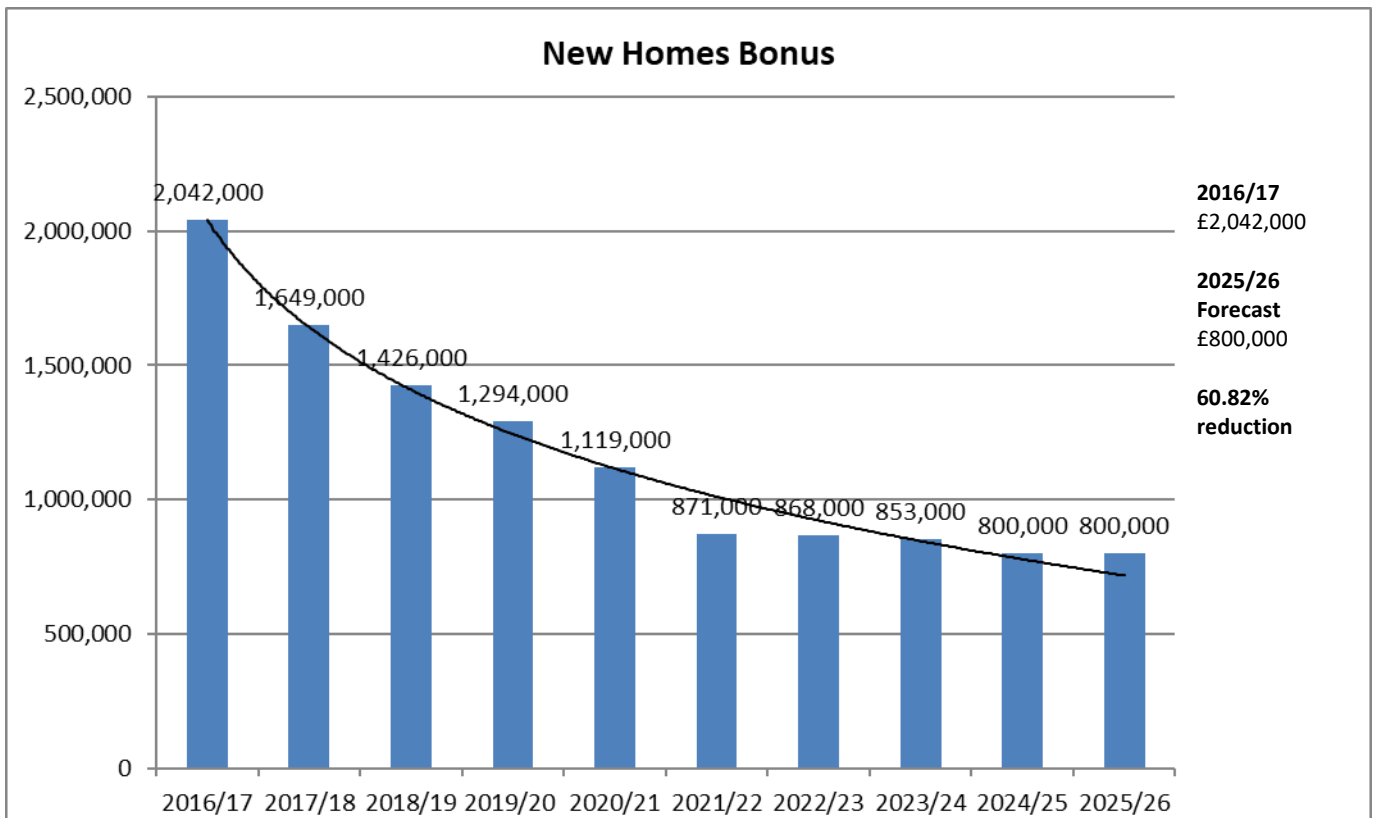
- 3.3 The provisional settlement will only detail figures for 2021/22 with future funding announcements dependent on the outcome of the 3 year spending review expected to be undertaken in Autumn 2021. The Medium Term forecasts detailed in Appendix B have assumed a continuation of the current policy of increasing business rates baselines by CPI inflation based on current Treasury forecasts over the medium term.

Fair Funding Review

- 3.4 The government announced earlier this that the Fair Funding Review which was expected to be implemented from April 2021 has been delayed. As detailed in Section 2 above, no announcement has been made regarding when this review is likely to be completed and implemented.

4 NEW HOMES BONUS

- 4.1 In 2017/18, reforms to the allocation methodology of the New Homes Bonus (NHB) were made which significantly reduced the total amount available for distribution which consequently reduced this Council's allocation.
- 4.2 The key focus of the reforms was to reduce the payments from 6 years to 5 years in 2017/18 and to 4 years from 2018/19. In addition, from 2017/18, a national baseline for housing growth of 0.4% was introduced, below which New Homes Bonus is not paid, reflecting a percentage of housing that would have been built anyway.
- 4.3 Actual NHB received in 2020/21 is £1.119m. Following the announcement in the spending review, a further payment based on the current methodology (based on additional homes delivered from October 2019 – October 2020) will be made in 2021/22 although no new legacy payment will be made. The estimated New Homes Bonus payment in 2021/22 is £871k (a reduction of £177k on previous forecasts) with the forecast NHB reducing to £800k by 2024/25.
- 4.4 The graph below shows how the amount received from NHB has significantly changed over the past five years together with forecasts over the medium term.



- 4.5 Provisional New Homes Bonus allocations for 2020/21 will be announced as part of the forthcoming Finance Settlement. The allocations may change if any further reforms are implemented.
- 4.6 The New Homes Bonus scheme design and allocation methodology will be subject to review as part of the government's next spending review due in Autumn 2021. Although it is hard to argue against reform of the NHB, the impact on this Council's funding could be significant. We have included £868k of NHB funding in the MTFS for 2022/23 reducing year on year to £800k in 2024/25 and 2025/26. These will be replaced by allocations we receive from whatever the new Housing Incentive system will look like following the consultation exercise. For example, under the current system, a 0.1% increase in the growth threshold would result in the loss of around £50,000 per annum in NHB, leading to a reduction in NHB of around £200,000 compared to the current MTFS forecasts.
- 4.7 In addition, the national total to be allocated by way of NHB (currently £900m) will be determined by the outcome of the government's 3 year spending review during Autumn 2021. **This is a significant risk to the MTFS.**

5 BUSINESS RATES

- 5.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.
- 5.2 There has been real business rates growth in Fenland over the last six years, however how this impacts on the resources available to this Council is complex, due to the rules and the operation of the current 50% Business Rates Retention system. The complexity of the system has been exacerbated by the business rates reliefs support given by the government as a result of Covid-19.

Business Rates Pooling Arrangement – 2020/21 and 2021/22

- 5.3 The Council has joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire to become part of a pooling arrangement for business rates for 2020/21. Unlike the Business Rates Pilot schemes, this is not a bidding process against other pools but is part of the existing system whereby authorities can choose to apply to become a pool with the agreement of the constituent authorities.
- 5.4 The benefit of being in a pool is that authorities will not be liable to levy payments on their business rates growth, which is then shared amongst the pooled authorities by a mutually agreed method. This will be based on where the growth has originated from with an appropriate share allocated to the County Council and Fire Authority.
- 5.5 Depending on actual business rates received in 2020/21, the net effect of the pooling arrangement could be considerable for the authorities in the pool. Current forecasts indicate that this Council could receive up to £252k additional income according to the sharing methodology agreed between the pooled authorities. This is however £118k lower than previously estimated due to lower business rates income as a result of changes in rateable values and refunds given.
- 5.6 The members of the current pooling arrangement have notified MHCLG of their intention to remain as a pool for 2021/22 as there is still expected to be a net benefit to each authority. For the purposes of the 2021/22 estimates, an amount of £300k has been included as this Council's share of the potential benefit. These figures will be firmed up over the coming weeks as all authorities in the pool complete the annual statutory business rates estimate, the NNDR1 form, due to be returned to MHCLG by the end of January 2021. This Council's estimated share of any additional resources will then be calculated and included in the final budget report in February 2021.

Business Rates Reform – 2022/23 onwards

- 5.7 Earlier this year, the government announced that it would delay the move to 75% Business Rate Retention. In order to provide further stability to the sector, the government has decided not to proceed with a reset of business rates baselines in 2021/22.
- 5.8 The government is currently carrying out a fundamental review of the Business Rates System and a final report setting out the full conclusions of the review is expected to be published in Spring 2021. This will determine the parameters of any changes to the Rate Retention System and is likely to be implemented from April 2022.
- 5.9 As the content and character of any new system and its effect on Fenland District Council are unknown at this stage, no adjustments have been made to the business rates funding within the MTFs and it has been assumed that from 2022/23, retained business rates will increase by CPI based on current Treasury forecasts.
- 5.10 Nationally, the implementation of any new scheme is meant to be fiscally neutral overall, however any redistribution will create losers and winners and the extent of that is an unquantifiable risk for the Council currently.
- 5.11 Although the forecasts in the MTFs has assumed a 'neutral' funding position regarding retained business rates, previous consultation papers on the proposed 75% Business Rates Retention System identified a range of options which would mean this Council will almost certainly 'lose' some of the business rates growth it's seen since the current system started in April 2013.
- 5.12 In the estimate for 2021/22 and the medium term forecasts from 2022/23, around £1m of business rates above the Council's Baseline Funding Level is being retained. From 2022/23 onwards, the Baseline Funding Level of all Councils will be reset with all 'growth'

income being taken into account nationally and redistributed in the new system. This means initially the additional £1m business rates income would be removed and redistributed. What remains unclear, is how much of this £1m will be returned to the Council as part of its recalculated Baseline Funding Level.

- 5.13 In theory therefore, the Council could lose all of this additional £1m in the absolute worst case scenario. However, this is unlikely and would create significant volatility within future funding allocations nationally, which the government does not wish to see. There will also undoubtedly be some kind of transitional arrangements which would also limit the extent of any gains and losses in funding arising from the new system. The national total to be distributed to local authorities will also be dependent on the next government spending review.
- 5.14 Although it is extremely difficult to exemplify the impact of this redistribution, in broad terms, if the Council were to lose 50% of its growth income then this would add a further £500k per annum from 2022/23 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £200k per annum to the current shortfalls.
- 5.15 At the time of writing, the Fair Funding Review, the implementation of Business Rates Reform and the changes to the New Homes Bonus are all major risk areas for this Council over the medium term.

6 FENLAND COMPREHENSIVE SPENDING REVIEW

- 6.1 The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m will now amount to £1.8m by the end of 2020/21. During this year several proposals have been implemented together with the full-year benefit of proposals implemented in 2018/19 and 2019/20. These include the following:

- Relocation of March and Wisbech Shops
- CCTV – alternative service delivery with Peterborough City Council

together with the full-year benefit in 2019/20 and 2020/21 of the following:

- Staffing Review of Customer Services, Human Resources, Accountancy and Vehicle Workshop
- Leisure Centre management options (contract commenced 4 December 2018)
- Leisure and Open Spaces Management Review
- Community House closure

- 6.2 The savings generated from these and other CSR proposals are included within the Medium Term Financial Strategy detailed at Appendix B and have significantly contributed to the required savings target over the medium term.

7 FORECAST OUTTURN 2020/21

- 7.1 The impact of COVID-19 on the Council's delivery of services and finances in 2020/21 have been and continue to be, significant and challenging. Members will be aware of the Council's response to COVID-19 and reports have been considered by Overview and Scrutiny Panel (on 8 June 2020 and 13 July 2020) on the actions taken by the council to date and also on the future implications and opportunities of the COVID-19 pandemic in relation to service delivery by Fenland District Council.
- 7.2 In addition, at the Council meeting of 6 August 2020, Members received a detailed report on the additional spending pressures and income reduction pressures the Council was facing this year, together with details of the government support for Covid-19 pressures.
- 7.3 At that time and taking into account other variances detailed in the report, the projected net impact on 2020/21 was around £1.3m. There were however, simply too many uncertainties to accurately predict what the final net impact would be in 2020/21.

- 7.4 Since the August Council meeting, further government support has been announced. A fourth tranche of direct grant support aimed at addressing the expenditure pressures being incurred has been received amounting to £568,429. This brings the total Covid-19 direct grant support received since March 2020 to £1,859,459 (£65,197 in 2019/20 and £1,794,262 in 2020/21).
- 7.5 In addition, the Council has received other grant funding relating to the administration of the Test and Trace Support Payments (isolation payments) of £27,068 and the Next Steps Accommodation Programme (NSAP) for delivering short-term Rough Sleepers interim accommodation and support of £198,000 for 2020/21. Further funding from the NSAP of £622,650 (Revenue funding of £178,250 and Capital funding of £444,120) for move-on funding has also been secured for the period 2020/21 – 2023/24. This will be delivered in partnership with Clarion Housing Association.
- 7.6 In the August report, it was estimated that the compensation payment due from the governments co-payment mechanism for irrecoverable Sales, Fees and Charges income, whereby the government covered 75% of losses beyond 5% of planned income, would be around £940k. The current projection is for an income compensation of around £718k. Current projections for income are higher than previously forecast and therefore, although we will receive less in compensation, this is made up by receiving higher actual income.
- 7.7 The latest revised estimates for 2020/21 are set out at Appendix A and show the likelihood of a shortfall in the region of £485k by the end of this financial year.
- 7.8 This shortfall does not, as yet include any potential benefit the Council may receive from the £100m government fund set up to support leisure centres most in need in 2020/21. We are still awaiting detailed guidance from the Department for Digital, Culture, Media and Sport (DCMS) on the process to bid from this fund.
- 7.9 There are still many uncertainties around the potential shortfall for 2020/21 and there is no requirement to formally approve an amount to be funded from reserves. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure where possible, the amount to be funded from reserves at the year-end is minimised.
- 7.10 Use of reserves to fund any potential shortfall in 2020/21 will have a consequential impact on the Council's ability to fund the shortfall in 2021/22 from reserves. Details of the Council's reserves are at Section 11 and Appendix E.

8 DRAFT BUDGET ESTIMATES 2021/22 AND MTFS

- 8.1 The Council's MTFS has to ensure that the commitments made in the Business Plan are funded not only in the year for which formal approval of the budget is required (2021/22) but for forecast years as well, within a reasonable level of tolerance.
- 8.2 The impact of Covid-19 on the Council finances in 2020/21 will to a certain extent continue into 2021/22 and the medium term, particularly regarding forecast income levels and the impact on future Council Tax and Business Rates income. The government has recognised this ongoing impact and announced a package of measures in SR2020, as detailed in Section 2 above, to support local authorities in 2021/22. Details regarding these measures and their impact on this Council will be further clarified over the coming weeks and as part of the Provisional Local Government Finance Settlement expected to be announced during week commencing 14 December 2020.

- 8.3 The Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The table includes a 0% Council Tax increase in 2021/22 and the medium term.

Table 2 - MTF5 - 0% increase in 2021/22 onwards

| | Estimate | Forecast | Forecast | Forecast | Forecast |
|---|---------------|----------------|----------------|----------------|----------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £000 | £000 | £000 | £000 | £000 |
| Expenditure | | | | | |
| Net Service Expenditure | 13,150 | 13,479 | 13,766 | 14,159 | 14,559 |
| Corporate Items | 642 | 733 | 742 | 888 | 881 |
| Renewable Energy Rates Retained | -363 | -368 | -374 | -381 | -389 |
| Retained Business Rates (Growth) | -915 | -866 | -886 | -908 | -933 |
| Business Rates Pool - share of benefit | -300 | 0 | 0 | 0 | 0 |
| Contribution from Business Rates Reserve | -3,420 | | | | |
| Contribution from General Fund Balance | 0 | 0 | 0 | 0 | 0 |
| Net Budget Requirement | 8,794 | 12,978 | 13,248 | 13,758 | 14,118 |
| Funding | | | | | |
| Business Rates Baseline | -3,720 | -3,765 | -3,829 | -3,902 | -3,980 |
| Business Rates Collection Fund Deficit | 3,633 | 167 | 167 | 0 | 0 |
| Council Tax Collection Fund Surplus(-)/Deficit | 43 | 47 | 47 | -50 | -50 |
| Council Tax <i>(increases of 0% in 21/22 onwards)</i> | -7,832 | -7,929 | -8,027 | -8,125 | -8,222 |
| Total Funding | -7,876 | -11,480 | -11,642 | -12,077 | -12,252 |
| Surplus(-)/Shortfall(+) | +918 | +1,498 | +1,606 | +1,681 | +1,866 |

- 8.4 Government support for 2021/22 will be announced as part of the provisional finance settlement. This Council will only be receiving retained business rates from the finance settlement. The projections for 2022/23 onwards are based on the best estimates and information available and are consistent with the announcements on business rates in the Spending Round 2020. However, subject to further clarity on the detailed implementation of the announcements, there remains a degree of uncertainty in these projections.
- 8.5 The net budget requirement for 2021/22 is currently estimated at **£8.794m** after all identified savings, contingencies and reserve transfers are included. This includes the assumptions detailed at Appendix C. With the provisional funding assumptions and a 0% increase in Council Tax a shortfall of £918k is currently forecast for 2021/22. However, this shortfall does not, as yet include a number of additional government support initiatives, announced as part of SR2020, as detailed in Section 2 above or potential cost increases as detailed in 8.9 below.
- 8.6 The forecasts include all proposed savings from the Phases 1 and 2 of the My Fenland transformation initiative over the next two years and the medium-term, together with assumptions regarding receipts from Council Tax and Business Rates.
- 8.7 The development of the Commercial and Investment Strategy has the potential to generate significant returns over the MTF5. It is difficult to forecast the extent of such returns as much will depend on the type and timing of investment opportunities. Consequently, no allowance for these potential returns have been included in the MTF5 at the current time.

- 8.8 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2021/22 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B. These show a funding gap of £1.866m by the end of 2025/26.
- 8.9 There is still considerable uncertainty around the estimates for 2021/22 and the forecasts for the medium term. Currently there are a number of 'unknowns' which could both positively and negatively impact on the forecasts including:
- Potential additional costs:**
- Potential for additional support for the Leisure Management contactor in 2021/22;
 - Impact on income streams being greater than anticipated due to the continuing effect of Covid-19 on the economy eg. Council Tax receipts, Business Rates income, Sales, Fees and Charges such as Planning Fees and Port Income;
 - Additional costs associated with service developments eg. Marine Services Restructure and Car Parking Enforcement (CPE);
 - Impact of the Business Rates Review and changes to the Business Rates Retention system from April 2022;
 - Impact of changes to the New Home Bonus methodology and allocations from April 2022;
 - Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential additional funding:**
- Potential for My Fenland transformation programme Phase 3 with associated savings;
 - Recharge of staff time to the LATCO (Fenland Future Ltd) generating revenue savings;
 - Commercial and Investment Strategy and future potential positive returns to the Council;
 - Additional Government support for Covid-19 spend pressures in 2021/22;
 - Continuation of the Government's Income Compensation Scheme for the first 3 months of 2021/22;
 - Government support to compensate local authorities (over the next three years) for 75% of irrecoverable Council Tax and Business Rate income suffered in 2020/21.
- 8.10 Further details relating to several of the above issues should become clearer with the publication of the Provisional Finance Settlement expected to be announced around the 17th December 2020.
- 8.11 The figures detailed at Appendix B do not, as yet include for the potential impact of the issues detailed in paragraph 8.9 above. Between now and the final budget report in February 2021 further analysis will be carried out on the impact of these as and when further information becomes available. Consequently, the estimate for 2021/22 could change significantly from that detailed at Appendix A.
- 8.12 The forecasts for the years 2022/23 – 2025/26 are provisional at this stage and should be considered with extreme caution. The Provisional Finance Settlement announcements regarding local government funding are imminent and therefore, the figures could be different to those included in the forecast. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future

years. In addition, the forecasts are dependent on permanently maintaining the savings identified through the My Fenland transformation initiative.

Significant Risks to MTFs

- 8.13 As detailed earlier in this report, Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over term of the MTFs. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

Other Risks

Capital Programme – Future Funding

- 8.14 The Council is increasingly relying on borrowing (Internal and Prudential) to fund its future programme as the amount of capital receipts and the level of reserves available to fund the capital programme are reducing considerably over the next two years. Consequently, any new capital schemes (which do not generate a return to repay borrowing costs) will have to be funded through borrowing which will result in revenue costs and therefore will impact on the MTFs and future shortfalls.
- 8.15 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £70,000 per annum in interest (2%) and repayment costs.
- 8.16 To exemplify the effect on the MTFs of potential additional costs arising from the above risks, Table 3 below details a scenario whereby the Council loses 50% of its business rates growth income following the reforms in 2021/22.

Table 3: MTFs Potential Impact of Major Risks – for illustrative purposes only

| | Estimate | Forecast | Forecast | Forecast | Forecast |
|--|------------|--------------|--------------|--------------|--------------|
| | 2021/22 | 2022/23 | 2022/23 | 2024/25 | 2025/26 |
| | £000 | £000 | £000 | £000 | £000 |
| MTFS Shortfall - Appendix B | 918 | 1,498 | 1,606 | 1,681 | 1,866 |
| <i>(0% CT increase in 2021/22 onwards)</i> | | | | | |
| 50% loss of NNDR growth income | | 450 | 450 | 450 | 450 |
| Increasing NHB threshold by 0.1% | | 50 | 100 | 150 | 200 |
| Revised Shortfall | 918 | 1,998 | 2,156 | 2,281 | 2,516 |

- 8.17 As stated earlier, it is important to note that the figures detailed in the above table are purely illustrative as no decisions have yet been made regarding changes to these funding streams and the potential impact on this Council.

9 FEES AND CHARGES

- 9.1 The Overview and Scrutiny Panel will consider all fees and charges for 2021/22 at its meeting on 11 January 2021 and recommend the Schedule of Fees and Charges to Cabinet at its meeting on xx January 2021.

10 COUNCIL TAX – 2021/22

- 10.1 As part of the 2021/22 Provisional Local Government Finance Settlement announcement due shortly, the government is expected to set the referendum limit at 2% or £5, whichever is higher for 2021/22 for District Councils. A 2% increase on the Band D Council Tax equates to £5.13 per annum (a 1.97% increase due to roundings).
- 10.2 Social care authorities, such as Cambridgeshire County Council can also increase their element of council tax by a further 3% (5% in total which would equate to £67.95 on the Band D Council Tax if increase taken in full). Police and Crime Commissioners will be able to their precept by £15.
- 10.3 Council at its meeting on 18 July 2019, agreed to re-position the MTFs to show 0% Council Tax increases through to 2023/24. This report extends the MTFs period and 0% increases to 2025/26. The motion agreed by Council emphasised that 0% increases in Council Tax throughout the MTFs period is an ambition and it was recognised that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met. These challenges and uncertainties have been exacerbated by Covid-19.
- 10.4 The motion also stated that Members of the Council need to act responsibly each year when setting the precept to balance the ambition of achieving a 0% Council Tax rise with the legal need to balance the budget. It was agreed that raising Council Tax in any of the next four years will be a last resort in order to minimise the financial effects of Council Tax on all of Fenland's households.
- 10.5 For information, an additional 1% increase in Council Tax in 2021/22 would generate in the region of £78,000 of revenue per annum to the Council. Even with this additional revenue included, the estimates for future years show a significant and increasing shortfall (see Table 2 in paragraph 8.2 above and Appendix B).
- 10.6 After the estimates of expenditure and income have been prepared, and the Final Settlement has been received, the next step is to set the council tax for 2021/22 for Fenland District Council. This is the final piece of the "jigsaw" that identifies the balance of the total resources required to fund the Council's services.
- 10.7 In line with the motion agreed by Council on 19 July 2019, assumed Council Tax increases of 0% have been included for 2021/22 and over the period of the MTFs.
- 10.8 It is expected that at this level of Council Tax (and after taking into account potential additional government support), there will still be a significant deficit to fund in 2021/22 and over the period of the MTFs. Consequently, the Council will need to continually consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B.
- 10.9 Council can of course agree to a higher increase (up to the referendum limit of 2%) and a 1% increase in Council Tax raises around £78,000 revenue per annum. Table 4 shows the implications of increasing the Council Tax in 2021/22 by 1.97% per annum and thereafter compared to freezing the Council Tax in 2021/22 and throughout the MTFs period.

Table 4: MTFs Deficits at Differing Council Tax increases in 2021/22 onwards

| Deficits based on different % increases | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Deficits at 0% increase (as shown in Table 2/Appendix B) | +918 | +1,498 | +1,606 | +1,681 | +1,866 |
| Additional CT with 1.97% increase p.a. from 2021/22 | -154 | -316 | -485 | -662 | -846 |
| Deficits at 1.97% increase | +764 | +1,182 | +1,121 | +1,019 | +1,020 |

11 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES

- 11.1 An important part of any budget strategy is the review and consideration of reserves. Earmarked Reserves are typically held and used in a planned way to deal with issues where it is foreseen that resources need to be set aside to meet a specific need but the exact amount and timing is not known. General Reserves are held to cushion the impact of an event or events that cannot be foreseen whilst maintaining these resources at a consistent and reasonable level over the medium term.
- 11.2 Sufficient levels of reserves are necessary to provide for various contingent and unplanned items that could include:-
- significant increased costs of providing statutory services
 - significant increased contractual costs
 - an unexpected and/or significant event or disaster, e.g. civil emergency
 - an unexpected major liability in law
 - the need to make significant payments in relation to prior year adjustments under the direction of the external auditor
- 11.3 The Council's current uncommitted General Fund Balance is £2m. As detailed in Sections 7 and 8, the forecast outturn for 2020/21 and the budget for 2021/22 are both currently showing deficits and therefore may require funding from this balance. Final determination of any use of this balance will be considered as part of the budget report in February 2021.
- 11.4 It is good practice to keep the balance on this reserve under review alongside ensuring that the purposes for which other earmarked reserves were allocated remain consistent with and relevant to the Council's Medium Term Financial Strategy.
- 11.5 The Budget Equalisation Reserve was established in 2019/20 to provide a smoothing mechanism between financial years which could provide resources to help achieve balanced budgets in future years. The current balance on this reserve is £315k and is available to meet potential budget shortfalls.
- 11.6 The analysis of reserves at Appendix E details the projected General Fund and earmarked reserves position as at 31 March 2021 and 31 March 2022 before any use of these reserves to fund the potential shortfalls detailed at Appendix A. The final budget report to be considered by Cabinet and Council on 23 February 2021 will consider the use of these reserves.

12 CAPITAL PROGRAMME

- 12.1 Capital Expenditure and Income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.
- 12.2 A fully updated Capital Programme for 2021-24 is presented at Appendix D for approval. The programme has been updated to ensure it adequately reflects the cost and anticipated timing of schemes previously approved.
- 12.3 In June 2019 Members approved a series of recommendations relating to the disposal of surplus assets. These recommendations have been taken forward by officers and the summary of resources available to finance the current capital programme takes account of disposal proceeds the Council expects to generate over the life of the current programme. Whilst it is difficult to determine with certainty the returns the Council might be able to generate such returns are important in the context of the Council's Medium Term Financial Strategy as where capital expenditure can be financed through the application of capital receipts it does not need to be financed from borrowing.

- 12.4 The Council has continued to deliver the schemes set out in its capital programme. The pandemic has impacted on the supply chain and this resulted in some schemes needing to be re-profiled. The impact of these profiling adjustments is not, however, considered to be significant and there are no specific financial implications. The updated capital programme is set out in Appendix D to this report.
- 12.5 Since an updated Capital Programme was approved by Cabinet at its meeting on 6 August 2020, the Council has had some noticeable success in securing external funding to take forward several capital projects. Many of these projects are funded by the Cambridgeshire and Peterborough Combined Authority. The most notable is a package of works to undertake further improvement to the railway infrastructure within the District.
- 12.6 There are several other projects where the Council has applied for grant funding and, if the Council is successful in securing the necessary funding, these projects will be reflected in future updates to the capital programme. Members will wish to note that work is ongoing to develop final redevelopment schemes for the properties located at No. 24 and No. 11-12 High Street in Wisbech. Whilst the Council has been allocated an overall package of funding for the entire project until the precise value of works on each property in the High Street is known and approved by the National Heritage Lottery Fund these projects will not be included in the capital programme. It is hoped that this information will be available when the capital programme is presented to Full Council in February 2021. On the agenda for today's meeting is a report relating to the approved scheme at No 13-17 High Street. The cost of this scheme to the project, inclusive of all grant-funding but excluding contributions from the owner of the property, is reflected within the updated programme set out in Appendix D.
- 12.7 The Capital Programme incorporates the decision by Council to allocate £25M to take forward projects in accordance with the Council's approved Commercial and Investment Strategy. Projects will be allocated and profiled to the appropriate financial year once the relevant business cases have been approved by the Investment Board.
- 12.8 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure including through borrowing. Reviews of the programme and resources available are carried out regularly during the year.
- 12.9 The Council's Borrowing Strategy which is incorporated into the Council's Treasury Management Strategy Statement, recognises that some prudential borrowing may be required over the life of the capital programme. The projected additional annual revenue costs for the Council are reflected in the MTFS.

13 Risk Assessment

- 13.1 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate and other national and international events now or in the future that may impact on the Council either directly or indirectly. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the estimates:-
- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans;
 - Maintaining "earmarked" reserves for expenditure that it is known will occur but the exact amount and timing of the expenditure is not known;
 - Maintaining an adequate level of general reserves to meet sudden and or unforeseen expenditure;

- Adopting clear guidelines and control systems (robust revenue and capital budget management and monitoring procedures, Financial Regulations and Contract Procedure Rules etc.) to alert service managers, and members before variances reach tolerance levels;
- Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates;
- Maintaining a rolling review of forecast estimates beyond the current year.

13.2 These assumptions are made with all available information but are necessarily calculated based on broad assumptions. In the current economic climate, some of these assumptions are particularly volatile. The MTFs will be prepared annually on a rolling basis so that as information becomes more certain the figures will be updated and early consideration can be given to any action or changes in direction that may be required.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

| | Current Approved Estimate 2020/21 £ | Projected Outturn 2020/21 £ | Estimate 2021/22 £ |
|--|---|--------------------------------------|--------------------------|
| Service Summary | | | |
| Growth & Infrastructure | 1,521,890 | 1,826,850 | 1,504,530 |
| Communities, Environment, Leisure & Planning | 4,296,960 | 6,208,120 | 4,315,140 |
| Resources & Customer Services | 6,543,330 | 7,149,542 | 7,332,860 |
| NET COST OF GENERAL FUND SERVICES | 12,362,180 | 15,184,512 | 13,152,530 |
| Corporate Items | | | |
| Contributions to/ (from) Earmarked Reserves | -248,811 | -568,164 | -92,968 |
| Contributions to Business Rates Reserve | 0 | 3,419,600 | -3,419,600 |
| RTB/VAT Sharing Income | -40,000 | -20,000 | -20,000 |
| Drainage Board Levies | 1,508,030 | 1,499,520 | 1,529,570 |
| Financing Charges - <i>Interest/Minimum Revenue Provision</i> | 1,121,130 | 844,745 | 971,065 |
| Investment Income and Property Funds Income | -270,000 | -55,000 | -190,000 |
| New Homes Bonus | -1,118,635 | -1,118,635 | -871,000 |
| A14 Contribution | 32,000 | 32,000 | 32,000 |
| Vacancy Factor (1.5%) | -270,000 | 0 | -165,000 |
| Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payment)</i> | -1,264,491 | -1,264,491 | -1,277,931 |
| Business Rates - reimbursement of additional Covid-19 reliefs | 0 | -3,419,600 | 0 |
| Business Rates Pool - FDC Share of Benefit | -370,000 | -252,191 | -300,000 |
| Government Grant - Covid-19 General Grants for spending pressures | 0 | -1,794,262 | 0 |
| Government Income Compensation Scheme Grant | 0 | -718,196 | 0 |
| Pay Award adjustment | 0 | 0 | -187,000 |
| Corporate Adjustments | -920,777 | -3,414,674 | -3,990,864 |
| Net Expenditure before CFF savings | 11,441,403 | 11,769,838 | 9,161,666 |
| <i>CFF Transformation Savings identified not yet implemented</i> | -157,000 | 0 | -368,000 |
| NET EXPENDITURE | 11,284,403 | 11,769,838 | 8,793,666 |
| Core Funding | | | |
| Business Rates Baseline Funding | -3,701,878 | -3,701,878 | -3,720,387 |
| Business Rates Collection Fund Deficit(+) | 311,349 | 311,349 | 3,633,321 |
| Council Tax Collection Fund Surplus(-) | -128,264 | -128,264 | 43,480 |
| Council Tax | -7,765,610 | -7,765,610 | -7,831,510 |
| Surplus(-)/Shortfall(+) | 0 | 485,435 | 918,570 |

APPENDIX B
(0% Council Tax increase)

| Medium Term Financial Strategy | Projected 2020/21 £000 | Estimate 2021/22 £000 | Forecast 2022/23 £000 | Forecast 2023/24 £000 | Forecast 2024/25 £000 | Forecast 2025/26 £000 |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Expenditure | | | | | | |
| Service Expenditure/Income | | | | | | |
| Gross Service Expenditure | 24,221 | 21,405 | 21,785 | 22,167 | 22,624 | 23,092 |
| Fees and Charges | -5,022 | -6,058 | -6,280 | -6,380 | -6,456 | -6,529 |
| Grants and Contributions | -4,769 | -1,174 | -996 | -981 | -959 | -944 |
| Recycling Credits | -1,045 | -1,023 | -1,030 | -1,040 | -1,050 | -1,060 |
| Total Net Service Expenditure | 13,385 | 13,150 | 13,479 | 13,766 | 14,159 | 14,559 |
| Corporate Items | | | | | | |
| Corporate Expenditure/Savings | | | | | | |
| Drainage Board Levies | 1,500 | 1,530 | 1,561 | 1,592 | 1,624 | 1,656 |
| Financing Charges - Interest on External Borrowing | 500 | 534 | 565 | 565 | 565 | 565 |
| Financing Charges - Current Capital Programme - MRP | 349 | 440 | 513 | 513 | 513 | 513 |
| Vacancy Factor (1.5%) | 0 | -165 | -169 | -173 | -178 | -183 |
| Pay Award adjustment | 0 | -187 | -190 | -194 | -198 | -202 |
| A14 Upgrade - contribution | 32 | 32 | 32 | 32 | 32 | 32 |
| Transfer to Budget Equalisation Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| CFF Transformation Savings identified not yet implemented | 0 | -368 | -401 | -430 | -430 | -430 |
| | 2,381 | 1,816 | 1,911 | 1,905 | 1,928 | 1,951 |
| Corporate Income Items | | | | | | |
| Contribution to(+)/from(-) Earmarked Reserves | -568 | -93 | 0 | 0 | 90 | 90 |
| Contribution to Business Rates Reserve | 3,420 | -3,420 | 0 | 0 | 0 | 0 |
| RTB/VAT Sharing Income | -20 | -20 | -20 | -20 | -20 | -20 |
| Investment and Property Fund Income | -55 | -190 | -290 | -290 | -310 | -340 |
| New Homes Bonus | -1,119 | -871 | -868 | -853 | -800 | -800 |
| Business Rates - net additional income above baseline | -1,264 | -1,278 | -1,234 | -1,260 | -1,289 | -1,322 |
| Business Rates - reimbursement of additional Covid-19 reliefs | -3,420 | 0 | 0 | 0 | 0 | 0 |
| Business Rates Pool - FDC Share of Benefit | -252 | -300 | 0 | 0 | 0 | 0 |
| Government Income Compensation Scheme | -718 | 0 | 0 | 0 | 0 | 0 |
| | -3,996 | -6,172 | -2,412 | -2,423 | -2,329 | -2,392 |
| Total Corporate Items | -1,615 | -4,356 | -501 | -518 | -401 | -441 |
| Gross Service/Corporate Expenditure | 26,602 | 23,221 | 23,696 | 24,072 | 24,552 | 25,043 |
| Gross Service/Corporate Income | -14,832 | -14,427 | -10,718 | -10,824 | -10,794 | -10,925 |
| Net Budget Requirement | 11,770 | 8,794 | 12,978 | 13,248 | 13,758 | 14,118 |
| Funding - NNDR/CT | | | | | | |
| Business Rates Baseline Funding | -3,702 | -3,720 | -3,765 | -3,829 | -3,902 | -3,980 |
| Business Rates Collection Fund Deficit | 311 | 3,633 | 167 | 167 | 0 | 0 |
| Council Tax Collection Fund Surplus(-)/Deficit | -128 | 43 | 47 | 47 | -50 | -50 |
| Council Tax (increases of 0% in 20/21 onwards) | -7,766 | -7,832 | -7,929 | -8,027 | -8,125 | -8,222 |
| Total Funding - NNDR/CT | -11,285 | -7,876 | -11,480 | -11,642 | -12,077 | -12,252 |
| Surplus(-)/Shortfall(+) | +485 | +918 | +1,498 | +1,606 | +1,681 | +1,866 |
| Summary | | | | | | |
| Total Gross Expenditure | 26,602 | 23,221 | 23,696 | 24,072 | 24,552 | 25,043 |
| Funded by: | | | | | | |
| Fees and Charges | -5,022 | -6,058 | -6,280 | -6,380 | -6,456 | -6,529 |
| Grants and Contributions | -4,769 | -1,174 | -996 | -981 | -959 | -944 |
| Recycling Credits | -1,045 | -1,023 | -1,030 | -1,040 | -1,050 | -1,060 |
| New Homes Bonus | -1,119 | -871 | -868 | -853 | -800 | -800 |
| Investment Income, VAT/RTB | -75 | -210 | -310 | -310 | -330 | -360 |
| Reserves | 2,852 | -3,513 | 0 | 0 | 90 | 90 |
| Income Compensation Scheme | -718 | 0 | 0 | 0 | 0 | 0 |
| Retained Business Rates | -8,327 | -1,665 | -4,832 | -4,922 | -5,191 | -5,302 |
| Council Tax | -7,894 | -7,789 | -7,882 | -7,980 | -8,175 | -8,272 |
| Total Funding | -26,117 | -22,303 | -22,198 | -22,466 | -22,871 | -23,177 |
| Surplus(-)/Shortfall(+) | +485 | +918 | +1,498 | +1,606 | +1,681 | +1,866 |

Assumptions built into Budget and Medium Term Financial Strategy (MTFS)

Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although the aim is to mitigate these risks as detailed in section 17 of the main report.

The main assumptions are as follows:

- 0% Council Tax increase for 2020/21 and thereafter (1% increase generates around £78k of resources and 1.97% around £154k of resources);
- 0.85% increase in Council Tax base in 2021/2022(Tax-base 30,068) and 1.20% thereafter (increase of 375 Band D equivalent properties per annum);
- Inflation (CPI) increases in Retained Business Rates income (0.5% for 2021/22, and in line with Treasury assumptions for 2022/23 onwards, 1.2% for 2022/23 rising to 2% for 2025/26);
- Inclusion of this Council's share (£300k) of the potential benefit arising from the continuation of the Cambridgeshire Business Rates Pool in 2021/22 only. Potential benefit from the Pool in future years will be dependent on the scheme design of the new Business Rates Retention System expected to be implemented from 1 April 2022.
- 0% pay award for 2020/21 with the exception of a minimum of £250 increase for those earning less £24,000. 2% increase in 2022/23 (£230k cost) and thereafter together with an allowance for pay increments of around 1% p.a. (£115k cost) reflecting the continuing impact of the pay grades re-modelling following the national pay award agreement effective from April 2019;
- Employer's Pension Contributions – following the triennial valuation as at 31.03.2019, the rate for 2021/22 is to remain the same as 2020/21 (17.4% of salary with additional past deficit lump sum payment of £896k). For 2022/23 the contribution rate remains at 17.4% with a lump sum payment of £978k, representing an overall increase of 1% p.a. in total contributions. For 2023/24 onwards, following the next triennial valuation, further increases have been assumed in line with the current triennial valuation;
- Inclusion of a vacancy factor in 2021/22, equivalent to a reduction in staff costs of 1.5% (£165,000 in 2021/22);
- 0% general inflation for the period of the MTFS;
- Specific allowance for inflation where required eg: business rates, external contracts, energy and water, drainage board levies;
- Investment interest rates to stay at current rates until first quarter of 2024 when market rates are forecast to begin rising slowly;
- Investment income includes an assumed £5m investment in property funds during 2021/22 (additional £100k income net of costs) with the full year impact from 2022/23 onwards (additional £250k income per annum);
- Assumptions regarding forecast income levels from fees and charges have been included. The base position for 2021/22 has been initially set at pre-Covid-19 levels. In addition, fee increases (where applicable) together with a review of activity levels have determined the current estimates;
- The New Homes Bonus for 2021/22 onwards has been included as detailed in paragraph 4.3 of the report.

APPENDIX D**CAPITAL PROGRAMME AND FUNDING 2020 - 2024**

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Capital Programme (excluding Commercial and Investment Strategy Schemes) | 5,913 | 8,339 | 1,563 | 1,535 |
| Commercial and Investment Strategy Schemes | 25,000 | 0 | 0 | 0 |
| CURRENT FORECAST EXPENDITURE | 30,913 | 8,339 | 1,563 | 1,535 |

FORECAST RESOURCES AVAILABLE

| | | | | |
|---------------------------------------|---------------|--------------|--------------|--------------|
| Capital Grants | 3,527 | 5,351 | 950 | 950 |
| Usable Capital Receipts - In Year | 225 | 0 | 0 | 0 |
| Reserves used in year to fund Capital | 574 | 387 | 0 | 0 |
| Section 106s and Other Contributions | 144 | 108 | 12 | 0 |
| Borrowing (Internal and Prudential) | 26,443 | 2,493 | 601 | 585 |
| Total Forecast Resources | 30,913 | 8,339 | 1,563 | 1,535 |

CAPITAL PROGRAMME SUMMARY 2020/21 - 2022/23

| | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | Total Cost £000 | FDC Funding £000 | External Funding £000 | External Funders and FDC Reserves/S106 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------------|-----------------------------|---|
| Leisure Centres | | | | | | | | |
| 1 Condition Survey Improvements | 85 | 375 | 75 | 75 | 610 | 610 | | £172k R&M Reserve |
| Regeneration Programmes | | | | | | | | |
| 2 Fenland Renaissance and Place Shaping | 16 | | | | 16 | 16 | | |
| 3 Heritage Lottery Fund - Non-FDC Properties | 269 | 369 | | | 638 | 557 | 81 | £557K HLF Grant |
| 4 Heritage Lottery Fund - 24 High Street, Wisbech | 31 | | | | 31 | 31 | | |
| 5 Railway Station Master-Planning | 748 | 3835 | | | 4,583 | 83 | 4,500 | £4500K CPCA Grant, £83K S106 |
| 6 Whittlesey Flood Warning Signs | 66 | | | | 66 | | 66 | CPCA £58K, Whittley Town Council £8K |
| Cemeteries | | | | | | | | |
| 7 Manea Chuchyard | | 15 | | | 15 | 15 | | |
| 8 Remedial Works in Closed Cemeteries | 28 | 25 | 25 | | 78 | 78 | | |
| Highways | | | | | | | | |
| 9 Category 2 Street Lights - FDC Lights | 320 | | | | 320 | 320 | | £13k Invest to Save Reserve |
| 10 Street Name Plates/District Facilities Signage | 30 | | | | 30 | 30 | | |
| Street Light Improvements - Parishes (Contribution to Cat | | | | | | | | |
| 11 2 Replacements) | 38 | | | | 38 | 38 | | £38k Capital Contribution Reserve |
| Car Parks | | | | | | | | |
| 12 Church Lane, Chatteris | 20 | | | | 20 | 20 | | |
| Office Accommodation | | | | | | | | |
| 13 Fenland Hall - Repairs and Renewals | 120 | | | | 120 | 120 | | |
| Environment | | | | | | | | |
| 14 Replacement Littter Bins | 88 | 83 | | | 171 | 171 | | |
| Port | | | | | | | | |
| 15 Boat/Vessels - Replacement Deck, Hull and Engines | 54 | 30 | | | 84 | 84 | | |
| 16 Yacht Harbour Improvements | 17 | | | | 17 | 17 | | |
| 17 Wisbech Port Structural Works | 265 | | | | 265 | 265 | | |
| 18 Wisbech Port Fender Piles | 100 | | | | 100 | 100 | | |
| Sub Total | 2,295 | 4,732 | 100 | 75 | 7,202 | 2,555 | 4,647 | |

| | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | Total Cost £000 | FDC Funding £000 | External Funding £000 | External Funders and FDC Reserves/S106 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------------|------------------------|-----------------------------|---|
| Brought Forward | 2,295 | 4,732 | 100 | 75 | 7,202 | 2,555 | 4,647 | |
| Parks and Open Spaces | | | | | | | | |
| 19 West End Park, March - Replace Skate Ramps | 19 | | | | 19 | 19 | | |
| 20 West End Park, March - Park Improvements | 50 | 35 | | | 85 | 8 | 77 | £75k Cambs CC, £2K March TC |
| 21 Parks, Play Areas and Open Space - Chatteris | | 60 | 40 | | 100 | 100 | | £6k S106 money |
| 22 Parks, Play Areas and Open Space - Doddington | | 45 | | | 45 | 45 | | £21k S106 money |
| 23 Parks, Play Areas and Open Space - Parson Drove | | 30 | | | 30 | 30 | | £30k S106 money |
| 24 Parks, Play Areas and Open Space - Whittlesey | 136 | | | | 136 | 92 | 44 | £92k S106 money £44K FCC Grant |
| 25 Parks, Play Areas and Open Space - Wisbech | | 20 | 20 | | 40 | 40 | | £32k S106 money |
| Vehicles and Plant | | | | | | | | |
| 26 Vehicles | 203 | 242 | 141 | 260 | 846 | 846 | | |
| ICT System Replacement Programme & Upgrades | | | | | | | | |
| 27 Replacement & Upgrade Programme | 569 | 400 | 100 | 100 | 1,169 | 1,150 | | £700k Management of Change Reserve |
| Improvement of Assets | | | | | | | | |
| 28 Sewage Treatment Works Refurbishment | 70 | 520 | 200 | 150 | 940 | 940 | | |
| 29 Birch Fen Silt Removal and Outfall Maintenance | | 25 | | | 25 | 25 | | |
| 30 March Moorings Renewals | | 12 | 12 | | 24 | 24 | | |
| 31 Hostel Roof Renewal | | 28 | | | 28 | 28 | | |
| 32 Lattersley Nature Reserve - Capping Layer | | 40 | | | 40 | 40 | | |
| 33 Wisbech Market Place Improvements | 200 | 200 | | | 400 | | 400 | £200K CPCA, £150K Cambs CC, £50K Wisbech TC |
| Economic Estates | | | | | | | | |
| 34 Replacement of AV Equipment at Business Centres | 50 | | | | 50 | 50 | | |
| 35 South Fens Business Park Expansion | 997 | 1,000 | | | 1,997 | 1,000 | 997 | £997k CPCA 'Business Space' Funding |
| Community Safety | | | | | | | | |
| 36 Camera Replacements | 38 | | | | 38 | 38 | | £38k CCTV Reserve |
| Private Sector Housing Support | | | | | | | | |
| 37 Private Sector Renewal Grants | 40 | 40 | 40 | 40 | 160 | | 160 | £160K Govt Grant |
| 38 Disabled Facilities Grants | 1246 | 910 | 910 | 910 | 3,976 | | 3,976 | £3976K Govt Grant |
| Total - Approved Programme | 5,913 | 8,339 | 1,563 | 1,535 | 17,350 | 7,030 | 10,301 | |

EARMARKED AND GENERAL RESERVES - Revised 2020/21 and Estimated 2021/22

APPENDIX E

| Reserve Name | Balance 01.04.20 £ | Capital Funding £ | Revenue Contributions to(+)/from(-) 2020/21 £ | Revised Balance 31.03.21 £ | Capital Funding £ | Revenue Contributions to(+)/from(-) 2021/22 £ | Estimated Balance 31.03.22 £ | Comments / Conditions of Use |
|---|--------------------------|-------------------------|---|-------------------------------------|-------------------------|---|---------------------------------------|---|
| Travellers Sites | 322,373 | | 26,530 | 348,903 | | 48,530 | 397,433 | Can only be used for specific future maintenance liabilities. |
| Station Road, Whittlesey - Maintenance | 2,000 | | 2,800 | 4,800 | | 2,800 | 7,600 | Required for future road maintenance. |
| CCTV - Plant & Equipment | 48,368 | -38,000 | 10,000 | 20,368 | | 10,000 | 30,368 | Available for future CCTV maintenance & replacement liabilities. |
| Invest to Save | 84,924 | -13,000 | | 71,924 | | | 71,924 | To provide resources for schemes which will deliver future efficiencies. £50k committed to energy efficiency schemes match funded by Salix Finance, as part of the Council's 'Keen to be Green' strategy. |
| Management of Change | 946,468 | -400,000 | | 546,468 | -300,000 | | 246,468 | Available for the effective management of any organisational changes required to meet the Council's future priorities. |
| Specific Government Grants (received in previous years) | 1,070,270 | | -226,439 | 843,831 | | -152,518 | 691,313 | Available to fund specific spending commitments in future years. |
| Business Rates Equalisation Reserve | 721,043 | | 3,198,557 | 3,919,600 | | -3,419,600 | 500,000 | Available to assist the Council in smoothing out volatility in the business rates retention system. |
| Capital Contribution Reserve | 340,905 | -38,000 | | 302,905 | | | 302,905 | Available to fund specific spending commitments in future years. |
| Port - Buoy Maintenance | 146,999 | | | 146,999 | | | 146,999 | Available for future buoy maintenance to service windfarms. |
| Repairs and Maintenance | 637,064 | -85,000 | | 552,064 | -87,000 | | 465,064 | Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets. |
| Heritage Lottery Fund (HLF) - Wisbech | 114,020 | | -36,800 | 77,220 | | -31,780 | 45,440 | To manage the Heritage Lottery Funded scheme in Wisbech. |
| Solid Wall Remediation | 100,000 | | | 100,000 | | | 100,000 | Available to fund potential costs linked to solid wall installations in the District. |
| Highways Street Lighting | 23,314 | | | 23,314 | | | 23,314 | Available to fund future repairs and maintenance relating to street lighting. |
| Investment Strategy Reserve | 1,350,168 | | -10,000 | 1,340,168 | | | 1,340,168 | Established to provide future funding for Commercial and Investment Strategy projects. |
| Budget Equalisation Reserve | 315,307 | | | 315,307 | | | 315,307 | Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall. |
| Planning Reserve | 496,848 | | -100,000 | 396,848 | | | 396,848 | Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan. |
| Elections Reserve | 0 | | 30,000 | 30,000 | | 30,000 | 60,000 | Available to fund four-yearly District-wide elections. Transfers are made to this reserve each year to fund the cost of the next District-wide election. |
| Covid-19 Emergency Response Reserve | 43,212 | | -43,212 | 0 | | | 0 | Established to hold funding received from central government in March 2020 to respond to the Covid-19 pandemic. Utilised in 2020/21. |
| TOTAL EARMARKED RESERVES | 6,763,281 | -574,000 | 2,851,436 | 9,040,717 | -387,000 | -3,512,568 | 5,141,149 | |
| General Fund Balance | 2,000,000 | | | 2,000,000 | | | 2,000,000 | Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs. |
| TOTAL RESERVES | 8,763,281 | -574,000 | 2,851,436 | 11,040,717 | -387,000 | -3,512,568 | 7,141,149 | |

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation (Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.