

Agenda Item No:	6	
Committee:	Cabinet	
Date:	8 December 2021	
Report Title:	Revised General Fund Budget and Capital Programme 2021/22; Draft General Fund Budget Estimates 2022/23 and Draft Medium Term Financial Strategy (MTFS) 2022/23 to 2026/27; Capital Programme 2022 - 2025	

1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2021/22;
- the Draft General Fund Budget Estimates 2022/23 and the Draft Medium Term Financial Strategy 2022/23 to 2026/27 for consultation;
- Capital Programme 2022-2025.

2 Key issues

- Business Rates Baseline Funding (Settlement Funding Assessment) in 2022/23 will be the same as 2021/22 due to the government freezing the NNDR multiplier for 2022/23. However, the Provisional Local Government Finance Settlement announcement is not expected until around mid-December 2021. **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 2022/23 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 2021/22, including the Cambridgeshire Horizons money, are showing a surplus of £1.775m. However, assuming the current balance of the Cambridgeshire Horizons money is set aside for future use, the projections would show a shortfall of £987k at the end of the financial year. This does not include for the possibility of further expenditure being identified as being appropriate to be funded from the Cambridgeshire Horizons money.
- Current forecasts for 2022/23 show a shortfall of £1.278m based on the assumptions detailed in Appendix C. This shortfall increases year on year, reaching £1.561m in 2026/27.
- At this time, more detailed work is required on a number of issues 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 2022.
- Although there are currently many uncertainties regarding the budget for 2022/23 and the MTFS, there remains a significant structural deficit which the Council will need to address.

- The final deficits for 2021/22 and 2022/23 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 2021/22 and for the medium term 2022-25 is proposed.

3 Recommendations

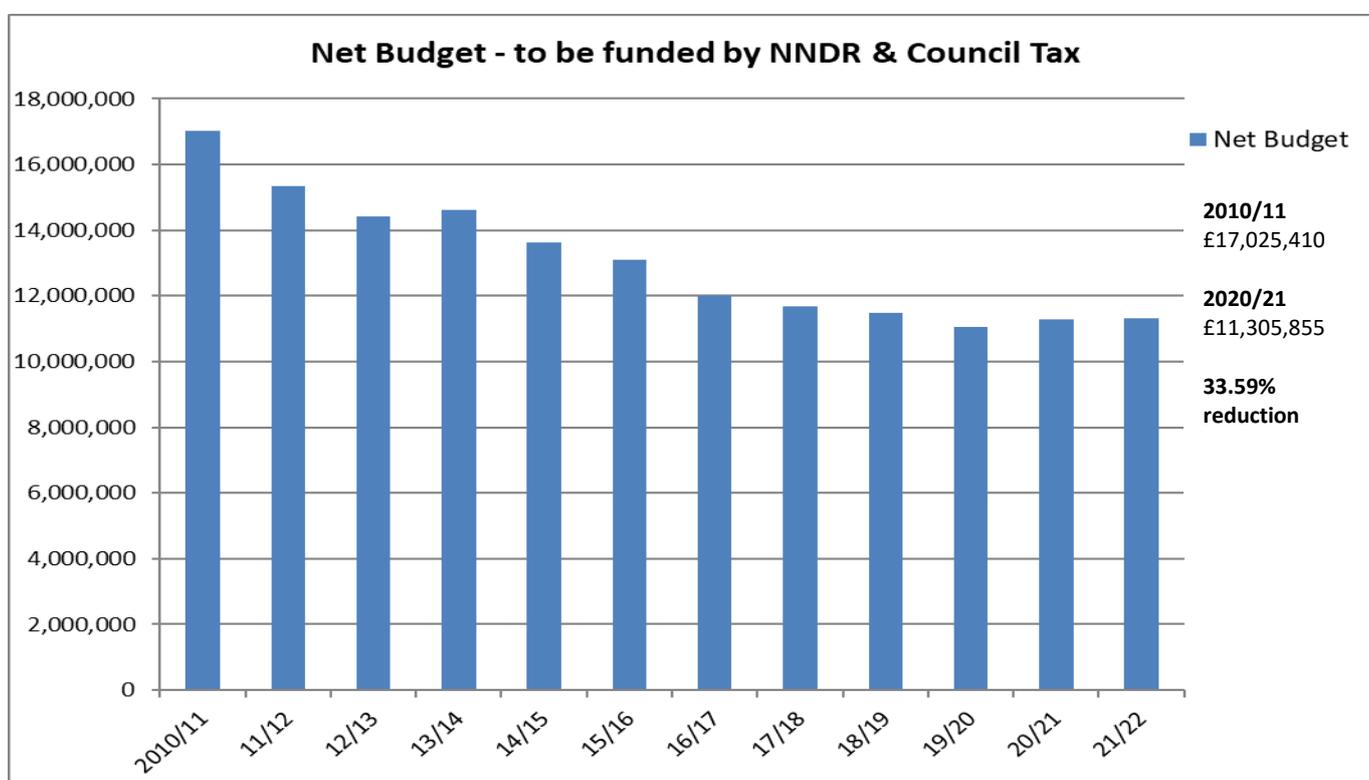
- It is recommended that:-
 - (i) the draft budget proposals for 2022/23 outlined in this report be approved for consultation;
 - (ii) the revised General Fund Budget and revised Capital Programme for 2021/22 be approved;
 - (iii) the proposed Capital Programme for 2022-2025 be approved.

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 – Department for Levelling Up, Housing & Communities (DLUHC). Spending Round 2021 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2021.

Report:

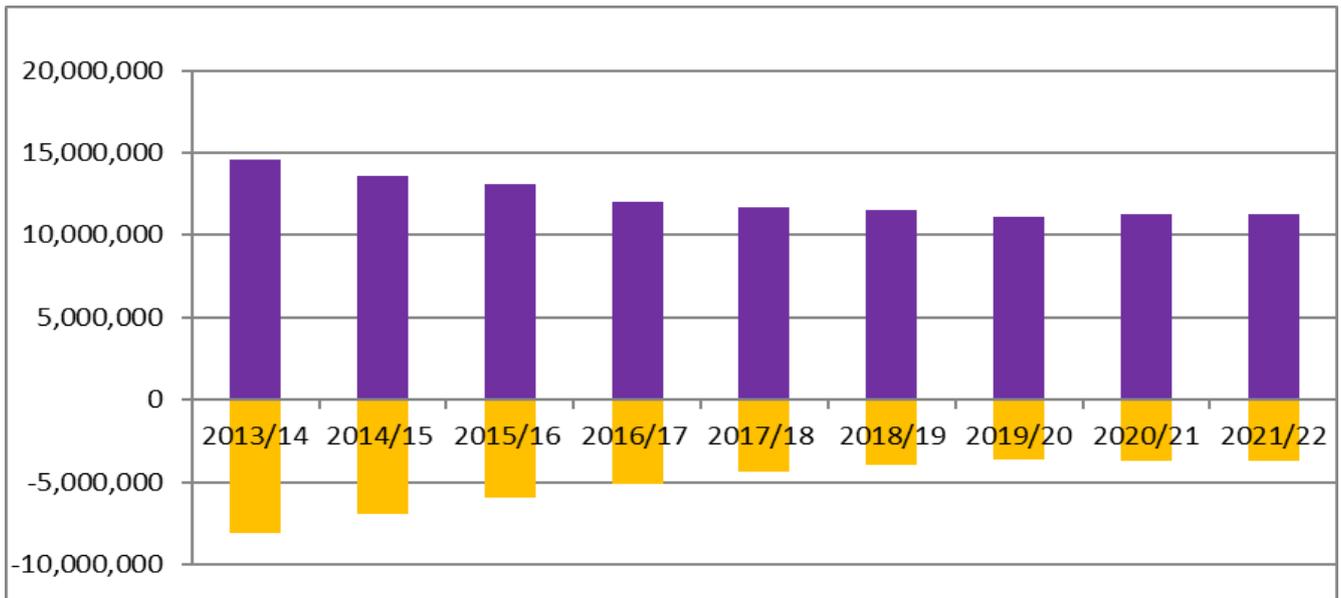
1 INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Business Plan 2022/23. 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 2022/23 in February 2022.
- 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 outcome of the Local Government Finance Settlement, the impact of Business Rates Retention 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 2022 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 2021/22 it will have reduced by 33.59%. This is exemplified in the graph below:

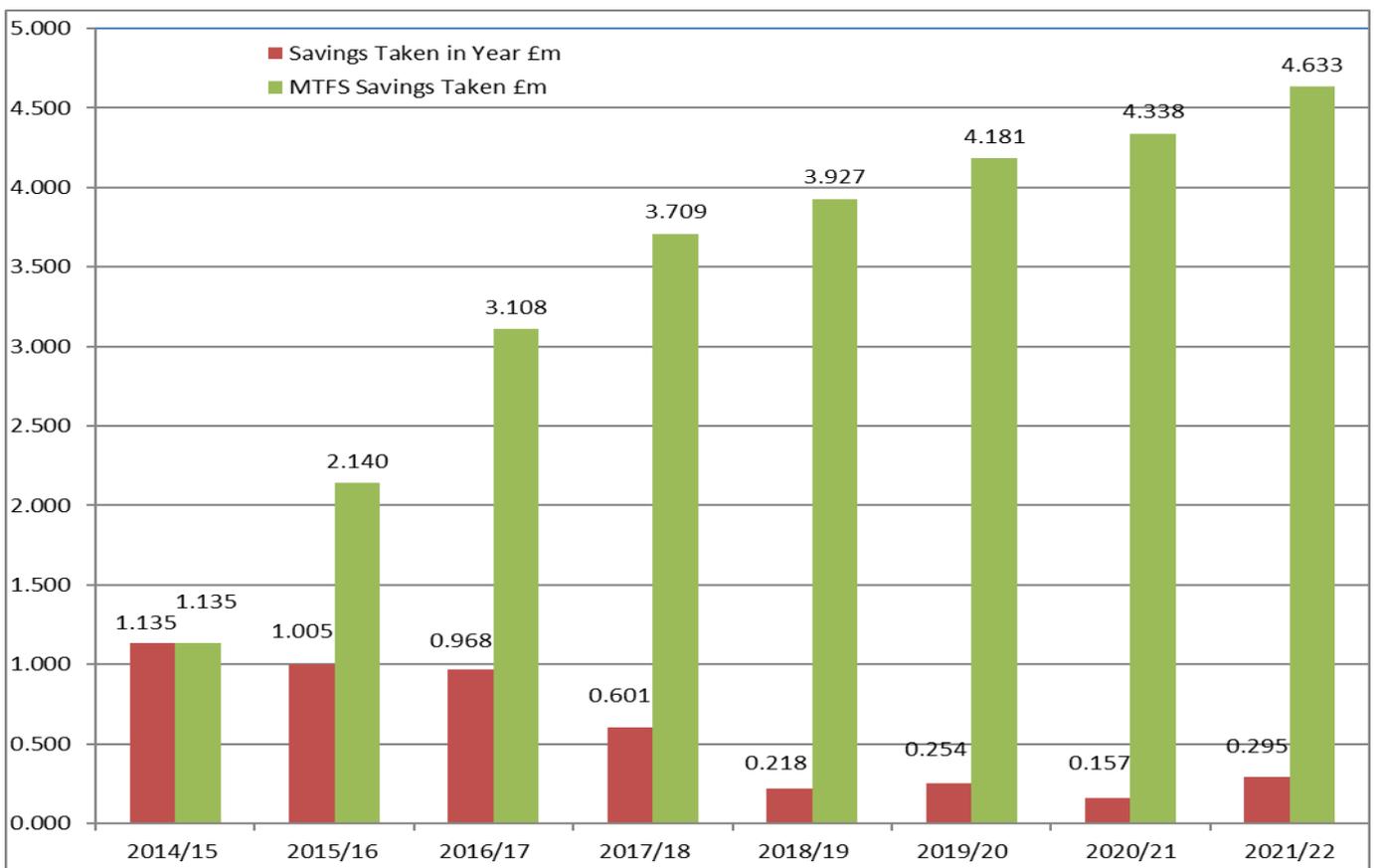


- 1.4 Since 2013/14 government support has reduced by around 54% and the Council's net budget by around 23% as illustrated in the following tables. In addition, Council Tax referendum principles have restricted increases in Council Tax.

	2013/14	2021/22	Reduction	%
Government Grant	£8,094,919	£3,701,878	£4,393,041	54.27
Net Budget	£14,604,750	£11,305,855	£3,298,895	22.59



1.5 The following graph illustrates how successful the Council has been in delivering savings over the last 8 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 2022/23 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 2021 SPENDING ROUND AND LOCAL GOVERNMENT FINANCE SETTLEMENT

- 2.1 On 27 October 2021, the Government announced the outcome of the 2021 Spending Review which outlined its' spending plans for the next three years, 2022/23 – 2024/25 by setting budgets for each central government department.
- 2.2 The relevant points for this Council from these announcements are as follows:
- Local Government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year);
 - A proposed Council Tax referendum limit of 2% or £5 (together with an additional 1% increase for Adult Social Care). Police and Crime Commissioners can increase their precept by £15;
 - Local Government's business rate baseline funding levels will remain the same as 2021/22 as a result of freezing the business rates multiplier in 2022/23 (normally this would increase in line with inflation as determined by the CPI rate as of September 2021, i.e.. 3.1%). Local authorities will be fully compensated for this decision;
 - For 2022/23, a new business rates relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business. The scope of the discount for 2022/23 will return to pre-Covid-19 eligibility for retail properties. Hospitality and leisure properties will continue to remain in scope. Again, local authorities will be fully funded for the additional costs of the relief;
 - Additional funding to reduce rough sleeping and homelessness;
 - There was no announcement about local government funding reforms (Fair Funding Review or business rates changes) and it is assumed that they have been pushed back to at least 2023/24 if not later;
 - Following a consultation exercise which finished in April 2021, there has been no further announcement on the future of the New Homes Bonus (NHB). It is expected that the amount of NHB will reduce although there is likely to be some form of housing growth incentive;
- 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 13 December 2021.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Provisional Finance Settlement for 2022/23 is expected in 'early December 2021' but is likely to be announced during the week commencing 13 December 2021. Consequently, the figures included in this report are estimates based on the funding announcements detailed in section 2 above. It is, therefore, almost certain 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 2022/23 is currently made up entirely of its Business Rates Baseline Funding (Revenue Support Grant was phased out in 2019/20). As a result of the freezing of the multiplier in 2022/23, this figure is the same as 2021/22. The figure included in the draft budget is detailed below.

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

	Actual 2021/22 £000	Estimate 2022/23 £000	2022/23 % Increase
Settlement Funding Assessment (Business Rates Baseline Funding only)	3,702	3,702	0.0%

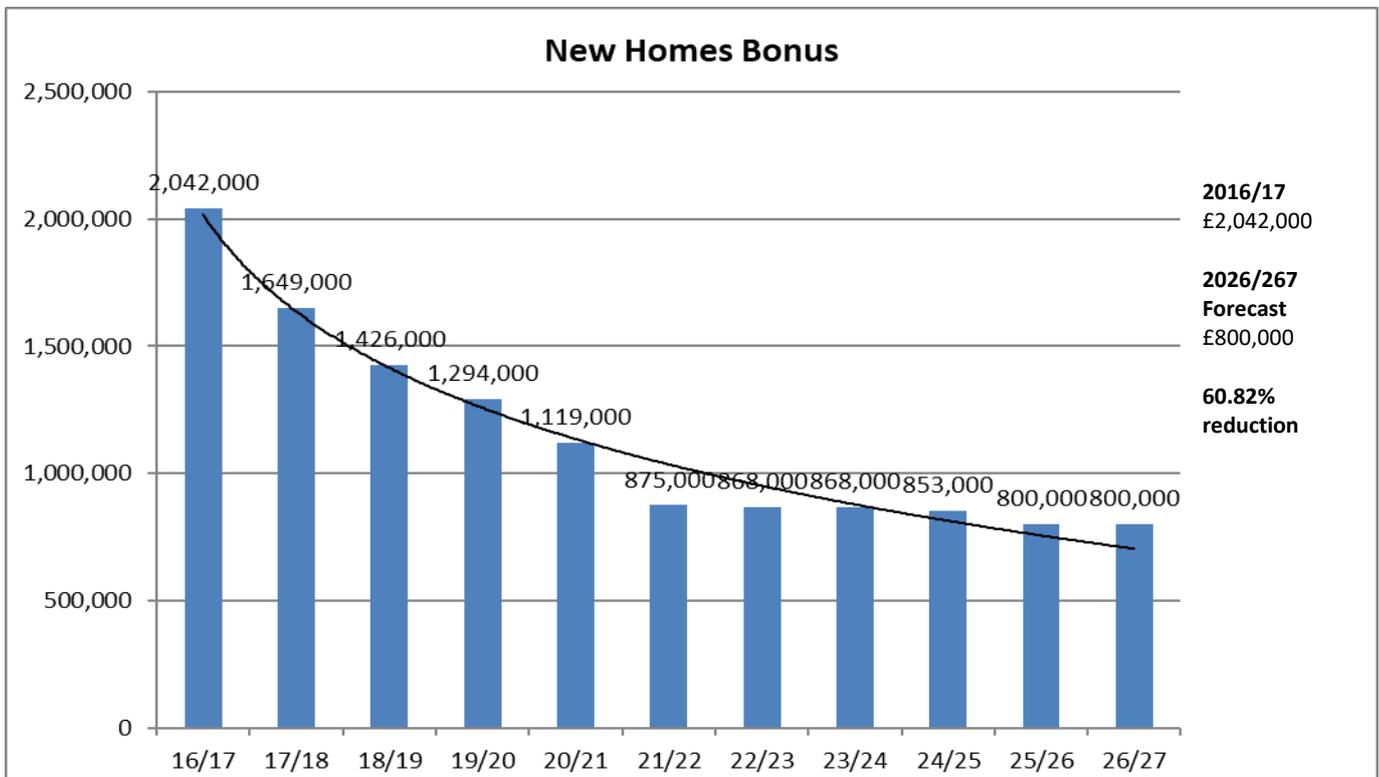
- 3.3 As a result of the Spending Review allocating an additional £1.6bn to local government in 2022/23, the Settlement Funding Assessment figure detailed above could change following the provisional settlement. There is currently no indication how much of this £1.6bn will be allocated to District Councils and in turn, to individual councils. It is also not clear whether the settlement will be for the next three years or just a one-year announcement. 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 There was no announcement about local government funding reforms (Fair Funding Review or business rates changes) and it is assumed that they have been pushed back to at least 2023/24 if not later.

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 2020 spending review, a further payment based on the current methodology (based on additional homes delivered from October 2019 – October 2020) was made in 2021/22 although no new legacy payment will be made. The New Homes Bonus payment in 2021/22 is £875k with the forecast NHB reducing to £800k by 2025/26.
- 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 2022/23 will be announced as part of the forthcoming Finance Settlement. The allocations may change if any further reforms are implemented.
- 4.6 A consultation document on The Future of the New Homes Bonus was published on 10 February 2021 with a deadline for responses by 7 April 2021. Since then, there have been no further announcements on the future of the NHB and nothing was detailed in the Spending Review 2021 documents. The current national total of £622m allocated by way of NHB may also change when the finance settlement is announced. There is however expected to be some form of housing growth incentive scheme. 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 2025/26 and 2026/27. These could be replaced by allocations we receive from whatever the new Housing Incentive system will look like. 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 The lack of clarity around the future of the NHB within the forthcoming finance settlement **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 – 2022/23 - 2024/25

- 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 and 2021/22. 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 2021/22, 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 £300k additional income according to the sharing methodology agreed between the pooled authorities.
- 5.6 The members of the current pooling arrangement have notified MHCLG of their intention to remain as a pool for 2022/23 as there is still expected to be a net benefit to each authority. For the purposes of the 2022/23 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 2022. This Council's estimated share of any additional resources will then be calculated and included in the final budget report in February 2022.
- 5.7 Following announcements in the SR2021 on future business rates reforms, it is now unlikely that there will be any major changes to the rates retention system over the three-year period of the spending review (2022/23 – 2024/25). Consequently, assuming the current pooling arrangements continue, an amount of £300k per annum has been included in the MTFS as a pooling benefit to this Council for the period up to and including 2024/25.

Business Rates Reform – 2022/23 onwards

- 5.8 Although, as stated earlier, it appears unlikely that any major changes will take place over the SR21 period, the risk remains that some interim reforms may happen. The most likely is the Baseline Funding Level of all Councils will be reset in 2023/24 with all 'growth' income being taken into account nationally and redistributed in the new system. In the estimate for 2022/23 and the medium-term forecasts, around £1.2m of business rates above the Council's Baseline Funding Level is being retained. Under a baseline reset, this would mean that initially the additional £1.2m business rates income would be removed and redistributed. What remains unclear, is how much of this £1.2m will be returned to the Council as part of its recalculated Baseline Funding Level.
- 5.9 In theory therefore, the Council could lose all of this additional £1.2m 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.
- 5.10 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 2023/24 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £200k per annum to the current shortfalls.
- 5.11 **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 OUTFURN 2021/22

7.1 The impact of COVID-19 on the Council's delivery of services and finances have been and continue to be, significant and challenging. Members will be aware of the Council's response to COVID-19 and 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 The continuing impact of COVID-19 had a significant effect on the Council's budget for 2021/22 set by Council in February 2021. The approved budget showed a shortfall of £842k which was to be funded from balances and reserves to the extent that it was needed at the end of 2021/22.

7.3 There have been numerous significant variations during this year to date which have contributed to this increase in the projected shortfall. The main additional cost variations include for a pay award for 2021/22 (1.75% currently offered) which would increase our salary costs by £209k. At the time of setting the budget, it was expected that there would be a 0% pay rise following announcements in SR2020. In addition, the budgeted vacancy factor of £170k has not materialised and across the Council, staffing costs have increased by a further £86k.

7.4 Other cost pressures include an additional net cost of £163k from the significant increase in homelessness cases resulting in higher bed and breakfast costs (net of housing benefit subsidy implications). This is in addition to the £350k included in the original budget. Officers are progressing a number of initiatives to minimise this additional cost in future years. There have also been higher costs relating to Repairs and Maintenance (£120k), Drainage Board levies (£54k), Cleaning costs associated with Covid-19 (£30k) and Marine Services (£136k).

7.5 In addition, there have been a number of income pressures mainly in relation to Wisbech Port where the continuing reducing number of ships at Port Sutton Bridge has reduced income by around £66k. There has also been lower than expected Estates income from rents and conference fees of around £155k. Investments in Property Funds have yet to take place due to a number of limiting factors associated with Covid-19 and the funds market and although officers continue to pursue this with the aim of setting up these investments before the financial year-end, the original budget of investment interest of £150k will not be achieved.

- 7.6 To off-set these additional cost increases, there has been a number of higher income variances including Planning Fees (£158k), Garden Waste and Refuse Collection (£137k), Rental income from the commercial investment in Wisbech (£230k) and the RTB/VAT sharing arrangement with Clarion (£106k). In addition, additional government grants for the Local Council Tax Support (£194k) and the administration of the business grants and Test and Trace isolation payments (£117k) have been received. Further savings of £89k in financing costs and Minimum Revenue Provision have been achieved as a result of reprofiling of the capital programme.

Cambridgeshire Horizons – Share of Surplus

- 7.7 In May 2021, the Council received £3,891,500 as its share of the surplus generated by Cambridgeshire Horizons Ltd. Of this, £1,050,000 was an agreed contribution to the A14 improvements, repayable to the Department of Transport at £42,000 per annum over the next 25 years. This left £2,841,500 available for this Council's future use. There are numerous conditions attached to the use of this money which restricts its future use.
- 7.8 Of the £2,841,500 available, £80,000 has been allocated for various consultants and studies to be carried out in advance of future Levelling Up Fund (LUF) bids for the Wisbech area. Consequently, there is currently £2,761,500 available for future use. No allowance has been made for the possibility that other expenditure in 2021/22 may yet be identified as being appropriate to be funded from the Cambridgeshire Horizons money.
- 7.9 The latest projections for 2021/22 are set out at Appendix A and with the Cambridgeshire Horizons money included, show a **surplus of -£1.775m**. However, assuming that the balance of the Cambridgeshire Horizons money (£2.762m) is set aside for future use, the net position shows the likelihood of a **shortfall in the region of £987k** by the end of this financial year, £145k higher than the £842k previously approved. As detailed in 7.3 above, the pay award for 2021/22 is a significant contributor to this higher projected shortfall. Should any other expenditure be identified to be funded from the Cambridgeshire Horizons money, then the projected shortfall at the year end will be reduced accordingly.
- 7.10 There are still many uncertainties around the potential shortfall for 2021/22 and there is no requirement at this time, 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.
- 7.11 Use of reserves to fund any potential shortfall in 2021/22 will have a consequential impact on the Council's ability to fund the shortfall in 2022/23 from reserves. Details of the Council's reserves are at Section 11 and Appendix E.

8 DRAFT BUDGET ESTIMATES 2022/23 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 (2022/23) but for forecast years as well, within a reasonable level of tolerance.
- 8.2 The impact of the issues identified in Section 7 above on the Council finances in 2021/22 will largely continue into 2022/23 and the medium term. The impact of the Provisional Local Government Finance Settlement (expected to be announced during week commencing 13 December 2021) will also need to be clarified and the figures in this report make no assumptions about any potential additional government funding.

- 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 2022/23 and the medium term.

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

	Estimate	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Expenditure					
Net Service Expenditure	13,427	13,637	13,812	14,485	14,518
Corporate Items	900	1,023	1,046	1,018	1,047
Renewable Energy Rates Retained	-328	-335	-342	-348	-354
Retained Business Rates (Growth)	-1,164	-1,154	-1,182	-1,206	-1,232
Business Rates Pool - share of benefit	-300	-300	-300	0	0
Contribution from Business Rates Reserve	-1,430				
Net Expenditure (before use of balances)	11,105	12,871	13,034	13,949	13,979
Funding					
Business Rates Baseline	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	1,899	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	-37	0	-50	-50	-50
Council Tax <i>(increases of 0% in 21/22 onwards)</i>	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding	-9,827	-11,687	-12,091	-12,255	-12,418
Shortfall(+) before use of balances	+1,278	+1,184	+943	+1,694	+1,561
Contribution from General Fund Balance	0	0	0	0	0
Shortfall(+) after use of balances	+1,278	+1,184	+943	+1,694	+1,561

- 8.4 Government support for 2022/23 will be announced as part of the provisional finance settlement. This Council currently only receives 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 2021. However, subject to further clarity on the detailed implementation of the announcements, there remains significant uncertainty in these projections.
- 8.5 The net budget requirement for 2022/23 is currently estimated at **£11.105m** 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 £1.278m is currently forecast for 2022/23. However, this shortfall does not, as yet include a number of additional government support initiatives, announced as part of SR2021, as detailed in Section 2 above or other potential risks as detailed in 8.9 below.
- 8.6 The forecasts include further proposed savings from the Phase 3 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 additional significant returns over the MTFS. 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 further potential returns have been included in the MTFS at the current time.

8.8 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2022/23 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 £1.561m by the end of 2026/27.

8.9 There is still considerable uncertainty around the estimates for 2022/23 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:

Risks associated with the MTFFS forecasts:

- Potential impact of the Provisional Finance Settlement (announcement in mid-December 2021) on 2022/23 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2022;
- Impact of the potential business rates baseline reset from April 2024 and longer-term changes to the Business Rates Retention system from April 2025;
- Impact of potential additional income in 2024/25 from the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Search Fees (transfer to Land Registry) and Port Income (sale of Port Sutton Bridge);
- Continuing impact of homelessness temporary accommodation costs in 2022/23 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2022/23. A full year's Management Fee income from the Leisure Contractor has currently been included in the 2022/23 estimates and each subsequent year of the MTFFS;
- Impact of service developments e.g. Marine Services future structure and Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential impact of the My Fenland transformation programme Phases 3 and 4 with associated savings. Further detailed work is required to quantify the scope of these phases and associated savings;
- Review of the recharge of staff time to the LATCO (Fenland Future Ltd) to quantify potential revenue savings. Currently recharges of £50k in 2021/22, £75k in 2022/23 and £100k in 2023/24 onwards have been assumed in the MTFFS;
- Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFFS generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;

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 in mid-December 2021.

- 8.11 Between now and the final budget report in February 2022 further analysis will be carried out on the impact of the issues detailed above, as and when further information becomes available. Consequently, the estimate for 2022/23 could change significantly from that detailed at Appendix A. **Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address.**
- 8.12 The forecasts for the years 2023/24 – 2026/27 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.
- 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
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
MTFS Shortfall - Appendix B	1,278	1,184	943	1,694	1,561
<i>(0% CT increase in 2022/23 onwards)</i>					
50% loss of NNDR growth income		600	600	600	600
Increasing NHB threshold by 0.1%		50	100	150	200
Revised Shortfall	1,278	1,834	1,643	2,444	2,361

- 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 2022/23 at its meeting on 17 January 2022 and recommend the Schedule of Fees and Charges to Cabinet at its meeting on 20 January 2022.

10 COUNCIL TAX – 2022/23

- 10.1 As part of the 2022/23 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 2022/23 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 1% (3% in total which would equate to £41.99 on the County Council's Band D Council Tax if increase taken in full).
- 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 2026/27. 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 2022/23 would generate in the region of £80,000 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 4 below).
- 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 2022/23 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 2022/23 and over the period of the MTFS.
- 10.8 At this level of Council Tax, there will be a significant deficit to fund in 2022/23 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 The implications of not increasing Council Tax over the MTFS is that the Council would be reducing its financial base permanently as it would not be able to recover potential revenue foregone due to the cumulative year on year impact. The consequences of continually setting zero Council Tax levels and not achieving the necessary savings/additional income have been clearly demonstrated by the events at other Councils. The ability to achieve significant year on year savings (without increasing existing and/or introducing new revenue streams together with transformational change) to balance the budget becomes progressively difficult without eventually impacting on front-line services and delivery.

- 10.10 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 £80,000 revenue per annum. Table 4 shows the implications of increasing the Council Tax in 2022/23 by 1.97% per annum and thereafter compared to freezing the Council Tax in 2022/23 and throughout the MTFS period.

Table 4: MTFS Deficits at Differing Council Tax increases in 2022/23 onwards

Deficits based on different % increases	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Deficits at 0% increase (as shown in Table 2/Appendix B)	+1,278	+1,184	+943	+1,694	+1,561
Additional CT with 1.97% increase p.a. from 2022/23	-157	-322	-492	-672	-859
Deficits at 1.97% increase	+1,121	+862	+451	+1,022	+702

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 2021/22 and the budget for 2022/23 are both currently showing significant 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 2022.
- 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 £483k 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 of 31 March 2022 and 31 March 2023 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 24 February 2022 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 2021-25 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. It is difficult to determine with certainty the returns the Council might be able to generate. Such returns, however, 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. It is also relevant to note that the Council's wholly owned trading company, Fenland Future is developing business plans linked to several areas of land owned by the Council. Should the Investment Board approve the business plans to develop these sites the proceeds arising from any transfer of land that arises would be available to fund the Council's capital programme and/or reduce the Council's Capital Financing Requirement.
- 12.4 At its meeting on 15 July 2021 Cabinet was updated on works required at the Council's leisure centres. A tender exercise has subsequently been completed for roofing works required at the Hudson Leisure Centre and these works are due to be completed in this financial year. The value of the contract awarded is reflected in the capital programme. The capital programme also reflects the outcome of condition surveys undertaken at the leisure centres. High and medium-priority works identified where the Council is contractually responsible as part of its agreement with Freedom Leisure will be undertaken on a phased basis in the three financial years to 31 March 2025. Officers will discuss and agree a schedule of works in the coming months for those works where Freedom is contractually responsible.
- 12.5 The Council also commissioned surveys of its chapels and those closed cemeteries where it has legal responsibilities. The cost of the associated works is reflected in the updated capital programme.
- 12.6 When the capital programme was updated in July 2021, Cabinet was advised that provision had been made to undertake essential works required at Fenland Hall where there were potential health and safety implications. Work continues to determine the most efficient and practicable way of completing these works. Condition surveys relating to other buildings owned by the Council are also currently being reviewed by officers. Where it is determined that these give rise to the need to undertake capital works this will be reflected in future updates to the capital programme.
- 12.7 Some re-profiling of the capital programme has been necessary due to restrictions linked to the pandemic, together with continuing pressure on the supply chain. Most notably, the Department for Levelling Up, Housing and Communities has approved a re-profiling of works to be completed as part of the Future High Street fund programme in March. The Council has either bid for, or is awaiting the opportunity to bid for, capital resources in connection with several other high-profile government and CPCA-led initiatives. Should these bids be successful they will be incorporated into future updates to the capital programme and the impact of providing any match-funding required will be reflected in the revenue budget and the Medium-Term Financial Strategy.

- 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 will 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 2021/22 £	Projected Outturn 2021/22 £	Estimate 2022/23 £
Service Summary			
Growth & Infrastructure	1,001,380	1,387,770	951,820
Communities, Environment, Leisure & Planning	4,892,890	5,324,906	4,170,150
Resources & Customer Services	7,315,110	7,656,630	8,306,730
NET COST OF GENERAL FUND SERVICES	13,209,380	14,369,306	13,428,700
Corporate Items			
Contributions to/ (from) Earmarked Reserves	16,472	-131,743	-46,390
Contributions to/(from) Business Rates Reserve	-3,417,430	-1,987,155	-1,430,275
Cambridgeshire Horizons - Share of Surplus	0	-3,891,500	0
RTB/VAT Sharing Income	-20,000	-126,317	-70,000
Drainage Board Levies	1,539,950	1,594,010	1,625,900
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	936,065	847,065	1,027,314
Investment Income and Property Funds Income	-190,000	-40,000	-215,000
New Homes Bonus	-874,916	-874,916	-868,000
A14 Contribution	32,000	74,000	74,000
Pay Award 2021/22 : 1.75%	0	209,000	0
Vacancy Factor (1.5%)	0	0	-180,000
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payment)</i>	-1,309,135	-1,544,224	-1,492,155
Business Rates - reimbursement of additional Covid-19 reliefs	0	-1,204,300	0
Business Rates Pool - FDC Share of Benefit	-300,000	-300,000	-300,000
Government Grant - Covid-19 General Grants for spending pressures	-634,010	-634,010	0
Government Income Compensation Scheme Grant	-100,000	-88,000	0
Lower Tier Services Grant	-157,697	-157,697	-157,697
Leisure Contract Support - Contingency	0	0	0
FFL - Net Loan Interest	0	0	-100,000
Corporate Adjustments	-4,478,701	-8,255,787	-2,132,303
Net Expenditure before CFF savings	8,730,679	6,113,519	11,296,397
<i>CFF Transformation Savings identified not yet implemented</i>	<i>0</i>	<i>0</i>	<i>-192,000</i>
Net Expenditure after CFF savings	8,730,679	6,113,519	11,104,397
Contribution from General Fund Balance	0	0	0
NET EXPENDITURE after use of balances	8,730,679	6,113,519	11,104,397
Core Funding			
Business Rates Baseline Funding	-3,701,878	-3,701,878	-3,701,878
Business Rates Collection Fund Deficit(+)	3,620,772	3,620,772	1,899,115
Council Tax Collection Fund Deficit(+)/Surplus(-)	43,723	43,723	-36,539
Council Tax	-7,851,042	-7,851,042	-7,986,741
Surplus(-)/Shortfall(+)	842,254	-1,774,906	1,278,354
Balance of Cambridgeshire Horizons money set aside for for future FDC use		2,761,500	
		986,594	

APPENDIX B
(0% Council Tax increase)

Medium Term Financial Strategy	Projected 2021/22 £000	Estimate 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
Expenditure						
Service Expenditure/Income						
Gross Service Expenditure	25,467	22,711	22,648	22,906	23,657	23,777
Fees and Charges	-6,045	-6,392	-6,503	-6,583	-6,663	-6,744
Grants and Contributions	-4,344	-1,772	-1,368	-1,356	-1,339	-1,330
Recycling Credits	-1,047	-1,120	-1,140	-1,155	-1,170	-1,185
Total Net Service Expenditure	14,031	13,427	13,637	13,812	14,485	14,518
Corporate Items						
Corporate Expenditure/Savings						
Drainage Board Levies	1,594	1,626	1,659	1,692	1,726	1,760
Financing Charges - Interest on External Borrowing	494	606	700	700	700	700
Financing Charges - Current Capital Programme - MRP	356	424	550	550	550	550
Vacancy Factor (1.5%)	0	-180	-185	-190	-195	-200
A14 Upgrade - contribution	74	74	74	74	74	74
CFF Transformation Savings identified not yet implemented	0	-192	-384	-384	-384	-384
	2,518	2,358	2,414	2,442	2,471	2,500
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	-132	-47	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-1,987	-1,430	0	0	0	0
Cambridgeshire Horizons - share of surplus	-3,982	0	0	0	0	0
RTB/VAT Sharing Income	-126	-70	-20	-20	-20	-20
Investment and Property Fund Income	-40	-215	-200	-200	-210	-210
New Homes Bonus	-875	-868	-868	-853	-800	-800
Business Rates - net additional income above baseline	-1,544	-1,492	-1,489	-1,524	-1,554	-1,586
Business Rates - reimbursement of additional Covid-19 reliefs	-1,204	0	0	0	0	0
Business Rates Pool - FDC Share of Benefit	-300	-300	-300	-300	0	0
Government Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant	-158	-158	-158	-158	-158	-158
FFL - Net Loan Interest and Dividends	0	-100	-115	-225	-325	-325
	-10,436	-4,680	-3,180	-3,220	-3,007	-3,039
Total Corporate Items	-7,918	-2,322	-766	-778	-536	-539
Gross Service/Corporate Expenditure	27,985	25,069	25,062	25,348	26,128	26,277
Gross Service/Corporate Income	-21,872	-13,964	-12,191	-12,314	-12,179	-12,298
Net Budget Requirement	6,113	11,105	12,871	13,034	13,949	13,979
Funding - NNDR/CT						
Business Rates Baseline Funding	-3,702	-3,702	-3,787	-3,859	-3,925	-3,991
Business Rates Collection Fund Deficit	3,621	1,899	184	0	0	0
Council Tax Collection Fund Surplus(-)/Deficit	44	-37	0	-50	-50	-50
Council Tax (increases of 0% in 22/23 onwards)	-7,851	-7,987	-8,084	-8,182	-8,280	-8,377
Total Funding - NNDR/CT	-7,888	-9,827	-11,687	-12,091	-12,255	-12,418
Surplus(-)/Shortfall(+)	-1,775	+1,278	+1,184	+943	+1,694	+1,561
Balance of Cambridgeshire Horizons money set aside	2,762					
Shortfall(+) after Cambs. Horizons set aside	+987					
Summary						
Total Gross Expenditure	27,985	25,069	25,062	25,348	26,128	26,277
Funded by:						
Fees and Charges	-6,045	-6,392	-6,503	-6,583	-6,663	-6,744
Grants and Contributions	-4,344	-1,772	-1,368	-1,356	-1,339	-1,330
Recycling Credits	-1,047	-1,120	-1,140	-1,155	-1,170	-1,185
New Homes Bonus	-875	-868	-868	-853	-800	-800
Investment Income, VAT/RTB	-166	-285	-220	-220	-230	-230
Cambridgeshire Horizons - share of surplus	-3,982	0	0	0	0	0
Contribution to(+)/from(-) Earmarked Reserves	-132	-47	-30	60	60	60
Contribution to(+)/from(-) Business Rates Reserve	-1,987	-1,430	0	0	0	0
Income Compensation Scheme	-88	0	0	0	0	0
Lower Tier Services Grant	-158	-158	-158	-158	-158	-158
FFL - Net Loan Interest and Dividends	0	-100	-115	-225	-325	-325
Retained Business Rates	-3,129	-3,595	-5,392	-5,683	-5,479	-5,577
Council Tax	-7,807	-8,024	-8,084	-8,232	-8,330	-8,427
Total Funding	-29,760	-23,791	-23,878	-24,405	-24,434	-24,716
Surplus(-)/Shortfall(+)	-1,775	+1,278	+1,184	+943	+1,694	+1,561
Balance of Cambridgeshire Horizons money set aside	2,762					
Shortfall(+) after Cambs. Horizons set aside	+987					

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 13 of the main report.

The main assumptions are as follows:

- 0% Council Tax increase for 2022/23 and thereafter (1% increase generates around £80k of resources and 1.97% around £157k of resources).
- 1.73% increase in Council Tax base in 2022/2023 (Tax-base 30,664) and 1.20% thereafter (increase of 375 Band D equivalent properties per annum).
- Inflation (CPI) increases in Retained Business Rates income (0% for 2022/23, and in line with Treasury assumptions for 2023/24 onwards, 2.3% for 2023/24 falling to 1.7% for 2026/27).
- Inclusion of this Council's share (£300k) of the potential benefit arising from the continuation of the Cambridgeshire Business Rates Pool in 2022/23 and over the SR21 period to 2024/25. 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 2025.
- Continuation of the Lower Tier Services Grant (£158k received in 2021/22) in 2022/23 onwards. The actual level of this grant or any similar funding will be announced as part of the Provisional Finance Settlement.
- The New Homes Bonus for 2022/23 onwards has been included as detailed in Section 4 of the report. The actual New Homes Bonus (or any similar Housing Growth initiative) will be announced as part of the Provisional Finance Settlement.
- 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 2022/23 is to remain the same as 2021/22 (17.4% of salary) with additional past deficit 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 for 2022/23 onwards, equivalent to a reduction in staff costs of 1.5% (£180,000 in 2022/23);
- 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 December 2021 when market rates are forecast to begin rising slowly.
- Investment income includes an assumed £3m investment in property funds during 2022/23 (£150k p.a. income net of costs).

- Assumptions regarding forecast income levels from fees and charges have been included based on 2021/22 projections. In addition, fee increases (where applicable) together with a review of activity levels have determined the current estimates.
- For 2022/23 onwards, a full years' worth of Management Fee being received from the Leisure Management contractor has been assumed. This follows two years of significant additional Council support for the Leisure Management contract in 2020/21 and 2021/22 as a result of Covid-19, through deferral of the management fee and also cash support.
- For 2022/23, additional provision has been included for a continuation of the high demand for bed and breakfast and temporary accommodation for the homelessness and rough sleeper's service. Further work is being carried out to determine the level and type of ongoing support required.
- Potential impact of My Fenland Phase 3 has been included (£194k saving in 2022/23 rising to £383k savings p.a. from 2023/24 onwards). However, further detailed work is required to quantify the scope and savings likely to be generated.
- Recharges to Fenland Future Limited to reflect the use of FDC officer time on the company's behalf has been included (£50k in 2021/22, £75k in 2022/23 and £100k p.a. from 2023/24). This amount could vary depending on the amount of time and types of activities being carried out for the company.
- Potential net benefits from Fenland Future Ltd of loan interest and dividends from future developments have been included. These amounts could vary depending on the timing and profitability of developments being carried out by the company.
- No potential additional income from the Extended Producer Responsibility scheme for managing packaging waste (effective from 2024/25) has been included as there are currently no indications of the level of this income.

APPENDIX D

CAPITAL PROGRAMME AND FUNDING 2021 - 2025

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Capital Programme (excluding Commercial and Investment Strategy Schemes)	13,455	13,083	7,368	1,587
Commercial and Investment Strategy Schemes	6,302	10,000	5,000	0
CURRENT FORECAST EXPENDITURE	19,757	23,083	12,368	1,587

FORECAST RESOURCES AVAILABLE

Capital Grants	10,228	9,292	5,661	950
Usable Capital Receipts - In Year	265	100	100	15
Reserves used in year to fund Capital Section 106s and Other Contributions	463	200	0	0
Borrowing (Internal and Prudential)	138	33	0	0
	8,663	13,458	6,607	622
Total Forecast Resources	19,757	23,083	12,368	1,587

CAPITAL PROGRAMME SUMMARY 2021/22 - 2024/5

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Leisure Centres								
1 Condition Survey Improvements	447	790	810	422	2,469	2,469		£98k R&M Reserve
Regeneration Programmes								
2 Fenland Renaissance and Place Shaping	16				16	16		
3 Heritage Lottery Fund - Non-FDC Properties	514				514	81	433	£433k HLF Grant.
4 Heritage Lottery Fund - 24 High Street, Wisbech	400	950			1,350	1,112	238	£238k HLF Grant.
5 Railway Station Master-Planning	2,543	1,853			4,396	82	4,314	£4,314k CPCA Grant, £82k S106
6 Whittlesey Flood Warning Signs	46				46		46	£46k CPCA Grant
7 Future High Street Fund, March	564	3,272	4,611		8,447		8,447	£2,000k CPCA, £6,447k MHCLG Future High Streets
8 Growing Fenland - Capital Grants	320				320		320	£320k CPCA Grant
Cemeteries								
9 Manea Churchyard	15				15	15		
10 Cemetery Chapels Condition Survey Works		315			315	315		
11 Remedial Works in Closed Cemeteries		80	190		270	270		
Highways								
11 Category 2 Street Lights - FDC Lights	105	176			281	281		
12 Street Name Plates/District Facilities Signage	18				18	18		
Street Light Improvements - Parishes (Contribution to Cat 2 Replacements)	11				11	11		£11k Capital Contribution Reserve
14 Growing Fenland - Civil Parking Enforcement	100	200	100		400		400	£400k CPCA Grant
15 Huntingdon Road Improvements, Chatteris	35				35	35		
Office Accommodation								
16 Fenland Hall and The Base - Repairs and Renewals	200	1380	100		1,680	1,680		
Environment								
17 Replacement and Grant-Funded Additional Litter Bins	108				108	83	25	£25k WRAP Grant
Port								
18 Boat/Vessels - Replacement Deck, Hull and Engines	57	35			92	92		
19 Wisbech Port Structural Works	328				328	328		
Sub Total	5,827	9,051	5,811	422	21,111	6,888	14,223	

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Brought Forward	5,827	9,051	5,811	422	21,111	6,888	14,223	
Parks and Open Spaces								
20 West End Park, March - Park Improvements	27				27	8	19	£17k 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		75			75	75		£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 - Wisbech	20	20		15	55	55		£32k S106 money
25 Parks, Plays Areas and Open Space - Whittlesey		45			45	45		
26 Wisbech Water Park		150			150		150	£150K CPCA Grant
Vehicles and Plant								
27 Vehicles	321	124	257	200	902	902		
ICT System Replacement Programme & Upgrades								
28 Replacement & Upgrade Programme	364	380	100		844	844		£554k Management of Change Reserve
Improvement of Assets								
29 Sewage Treatment Works Refurbishment	537	200	250		987	987		
30 Birch Fen Silt Removal and Outfall Maintenance	25				25	25		
31 March Moorings Renewals	12	12			24	24		
32 Hostel Roof Renewal	42				42	42		
33 Lattersley Nature Reserve - Capping Layer		40			40	40		
34 Energy Efficiency Improvements to Clarion Properties	4,492				4,492		4,492	£4,492k BEIS Decarbonisation Fund Grant
Car Parks								
35 Eastwood, Chatteris		100			100	100		
Economic Estates								
36 Replacement of AV Equipment at Business Centres		50			50	50		
37 South Fens Business Park Expansion	150	1,846			1,996	1,000	996	£996k CPCA 'Business Space' Funding
Private Sector Housing Support								
38 Private Sector Renewal Grants	240	40	40	40	360		360	£360k Govt Grant
39 Disabled Facilities Grants	1,308	910	910	910	4,038		4,038	£4,038k Govt Grant
Total - Approved Programme	13,455	13,083	7,368	1,587	35,493	11,215	24,278	

EARMARKED AND GENERAL RESERVES - Revised 2021/22 and Estimated 2022/23

APPENDIX E

Reserve Name	Balance 01.04.21 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2021/22 £	Revised Balance 31.03.22 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2022/23 £	Estimated Balance 31.03.23 £
Travellers Sites	326,101		45,990	372,091		41,140	413,231
Station Road, Whittlesey - Maintenance	4,800		2,800	7,600		2,800	10,400
CCTV - Plant & Equipment	21,128		10,000	31,128		10,000	41,128
Invest to Save	104,000		-104,000	0			0
Management of Change	800,468	-354,000		446,468	-200,000		246,468
Specific Government Grants (received in previous years)	1,327,622		-385,057	942,565		-66,940	875,625
Business Rates Equalisation Reserve	4,146,689		-1,987,155	2,159,534		-1,430,275	729,259
Capital Contribution Reserve	315,196	-11,000		304,196			304,196
Port - Buoy Maintenance	146,999		-8,000	138,999		-19,000	119,999
Repairs and Maintenance	562,706	-98,000		464,706			464,706
Heritage Lottery Fund (HLF) - Wisbech	80,898		-21,660	59,238		-21,620	37,618
Solid Wall Remediation	100,000			100,000			100,000
Highways Street Lighting	29,367		19,230	48,597		19,230	67,827
Investment Strategy Reserve	1,340,168			1,340,168			1,340,168
Budget Equalisation Reserve	482,633			482,633			482,633
Planning Reserve	391,138		-85,000	306,138			306,138
Elections Reserve	30,000		30,000	60,000		30,000	90,000
Specific Covid-19 Government Grants (received in 2020/21)	1,838,547		-1,631,766	206,782			206,782
Port - Pilots Staff Development Training	24,000		-24,000	0			0
Cambridgeshire Horizons - A14 Contribution	0		1,008,000	1,008,000		-42,000	966,000
Cambridgeshire Horizons - Share of Surplus	0		2,761,500	2,761,500			2,761,500
TOTAL EARMARKED RESERVES	12,072,458	-463,000	-369,118	11,240,340	-200,000	-1,476,665	9,563,675
General Fund Balance	2,000,000			2,000,000			2,000,000
TOTAL RESERVES	14,072,458	-463,000	-369,118	13,240,340	-200,000	-1,476,665	11,563,675

Comments / Conditions of Use

Can only be used for specific future maintenance liabilities.

Required for future road maintenance.

Available for future CCTV maintenance & replacement liabilities.

Original Funding agreement with Salix Finance has been terminated and grant repaid.

Available for the effective management of any organisational changes required to meet the Council's future priorities.

Available to fund specific spending commitments in future years.

Available to assist the Council in smoothing out volatility in the business rates retention system.

Available to fund specific spending commitments in future years.

Available for future buoy maintenance to service windfarms.

Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.

To manage the Heritage Lottery Funded scheme in Wisbech.

Available to fund potential costs linked to solid wall installations in the District.

Available to fund future repairs and maintenance relating to street lighting.

Established to provide future funding for Commercial and Investment Strategy projects.

Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall.

Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.

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.

Specific Government Grants received for Covid-19 initiatives eg. Business Support, Test & Trace and Outbreak Management.

Available to fund the training of maritime pilots to fulfill the authority's statutory functions.

Monies received from Cambridgeshire Horizons specifically for contribution to A14 improvements. To be paid over 25 years at £42k per annum.

Available for the Council's future use in accordance with the conditions attached to the receipt.

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.

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.