

General Fund

2021/22 Budget

Medium Term Financial Plan 2021/22 – 2024/25



Council
23 February 2021

Waverley
BOROUGH COUNCIL

Reserves: General Fund Revenue



Council Balance Sheet 31 March 2020		£000s
Long-Term Assets		561,614
Net Cash and Current Assets		45,558
Long-Term Borrowing and Other Liabilities		<u>(239,551)</u>
		<u>367,621</u>
Financed by:		
Usable Reserves:		
General Fund:		
Non-earmarked:		
Revenue		(3,200)
Capital		0
Earmarked:		
Revenue		(8,002)
Capital		(3,526)
Capital Grants Unapplied		(5,791)
Capital Receipts:		
General Fund:		
Non-earmarked		(3,119)
Earmarked		(3,090)
HRA		(17,572)
HRA		(32,000)
Unusable Reserves		<u>(291,321)</u>
		<u>(367,621)</u>

Reserve funding regulations are an additional dimension to financial transactions in assets & liabilities.

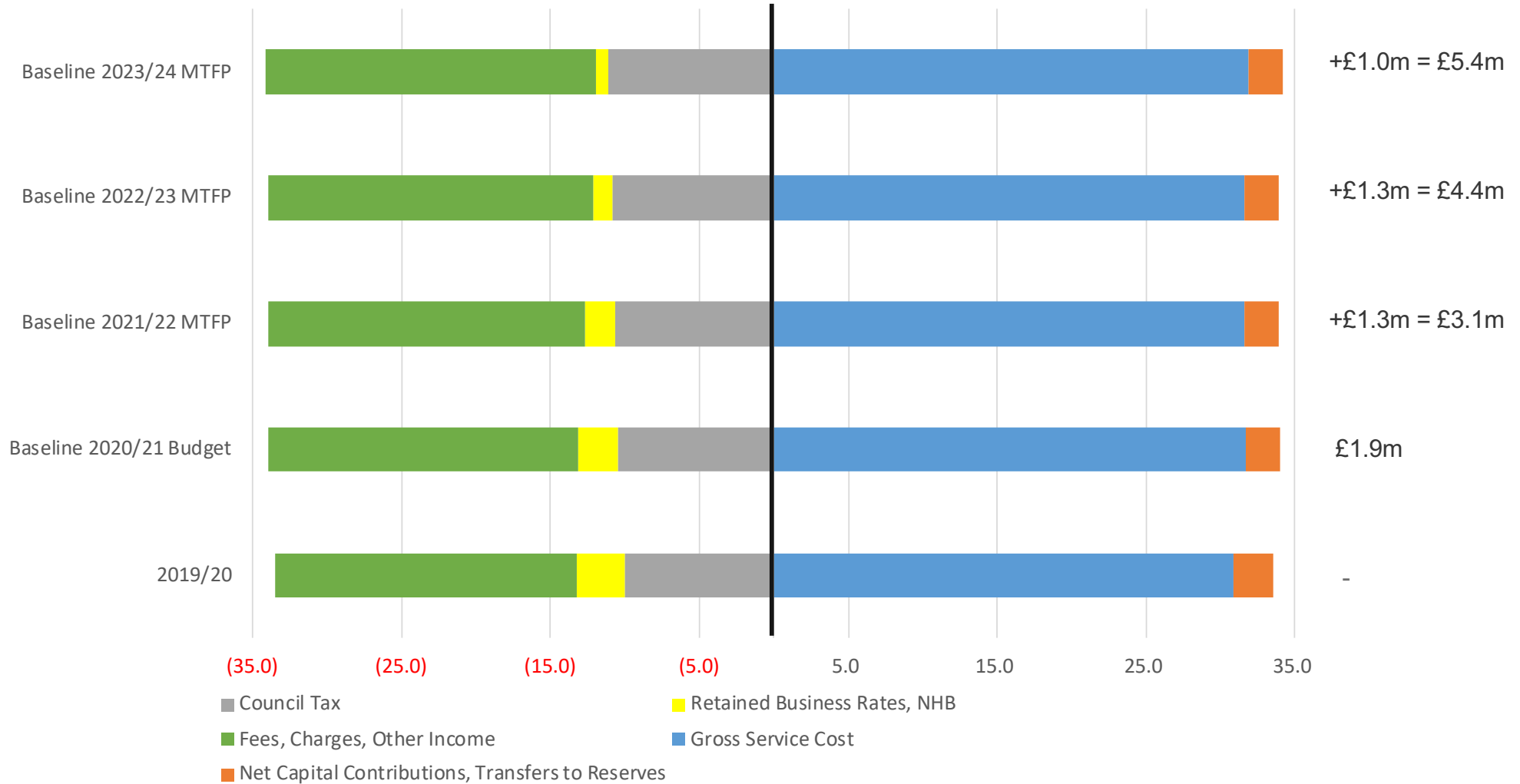
GF Revenue Account Budget:

- Minimum (emergency) balance (£3.2m)
- Balanced in-year - 2020/21:
 - income (+£33.6m)
 - expenditure (-£33.6m)
- “Expenditure” includes in-year earmarks: transfers to other GF reserves for *contributions* to capital & revenue spending in current & future years

February 2020: Pre-Covid Baseline

Baseline (February 2020) Medium Term Financial Plan
(Gross Service Cost £m)

“Resolved”
Budget Gap



August 2020: Covid Variances & Contingency Revised Budget 2020/21

£000s	2020/21	Pressures:		Measures:		2020/21
	Baseline Budget	Gross Losses	HMG Grants	In-Year Savings	Reserve Drawdowns	Approved Contingency Budget
Total Net Service Cost	11,345	6,636	(1,507)	(1,273)	174	15,376
Contributions to Reserves						
Revenue Contribution to Capital Programme	1,050			(472)		578
Climate Change Project Reserve	200					200
Property Investment Reserve	260			(260)	(418)	(418)
Investment Property Void Provision	0				(425)	(425)
Local Plan Part 2 Costs	40			(40)		0
Borough Election reserve	30					30
Business Rate Equalisation reserve	210			(210)	(649)	(649)
Flexible Homeless Support Grant					(474)	(474)
Emergency Funding					(17)	(17)
Brightwells Dogflud CP					(296)	(296)
Placeshaping					(188)	(188)
SANG Site Acquisition reserve					(200)	(200)
General Fund working balance					(206)	(206)
Capital Receipts (to Business Transformation)					(174)	(174)
Transfer to / (from) MTFP Covid Risk Reserve						
Contingency for target achievement						
Annual target for further recurring savings						
Net Specific Reserve Movements	1,790	0	0	(982)	(3,048)	(2,240)
Total	13,135	6,636	(1,507)	(2,255)	(2,874)	13,135
Financed by:-						
Council Tax	10,114					10,114
- collection fund adjustments	117					117
- base increase						
- rate increase	194					194
Retained Business Rates	1,850					1,850
New Homes Bonus	860					860
	13,135	0	0	0	0	13,135

Gross impact

In-year emergency savings...

HM Government LA "cost" grant & contingent use of Reserves absent further HM Government support...

Updated 2020/21 Budget Outturn

£000s	2020/21 Baseline Budget	2020/21 Approved Contingency Budget	2020/21 Updated Outturn	2021/22 MTFP & Budget Draft
Total Net Service Cost	11,345	15,376	13,251	13,661
Contributions to Reserves				
Revenue Contribution to Capital Programme	1,050	578	578	880
Climate Change Project Reserve	200	200	200	0
Property Investment Reserve	260	(418)	(418)	0
Investment Property Void Provision	0	(425)	(300)	0
Local Plan Part 2 Costs	40	0	0	0
Borough Election reserve	30	30	30	30
Business Rate Equalisation reserve	210	(649)	(649)	0
Flexible Homeless Support Grant		(474)	(474)	0
Emergency Funding		(17)	(17)	0
Brightwells Dogflud CP		(296)	(296)	0
Placeshaping		(188)	(188)	0
SANG Site Acquisition reserve		(200)	(200)	0
General Fund working balance		(206)	(206)	0
Capital Receipts (to Business Transformation)		(174)	(174)	0
Transfer to / (from) MTFP Covid Risk Reserve			2,000	(1,000)
Contingency for target achievement				111
Annual target for further recurring savings				(195)
Net Specific Reserve Movements	1,790	(2,240)	(115)	(174)
Total	13,135	13,135	13,135	13,487
Financed by:-				
Council Tax	10,114	10,114	10,114	10,308
- collection fund adjustments	117	117	117	46
- base increase				28
- rate increase	194	194	194	277
Retained Business Rates	1,850	1,850	1,850	1,850
New Homes Bonus	860	860	860	978
	13,135	13,135	13,135	13,487

Government Covid support in 2020/21 increased ("lost income" grant £2.2m)

Covid impact survives into 2021/22 and beyond. Lost income grant only committed to 1Q21/22...

£2m of 2020/21 lost income grant repurposed to offset Covid pressures 2021/22 and beyond...

Service Cost Variances 2021/22



**Covid impact survives into 2021/22 and beyond.
Total increase in baseline Net Service Cost: £2.3m**

£000s	2020/21	Pressures (Annexe 1):				Measures (Annexe 1):		2021/22
	Baseline	£3,998				-£2,801		MTFP &
	Budget	Covid		Structural		Baseline	Grants	Budget
		Losses	Grants	Losses	Capital	MTFP		Draft
2020/21 Baseline Net Service Cost	11,595							11,595
Budget & MTFP Update (Feb-20):								
Contingency budget on going impact - costs		126						126
Housing Benefit Admin Grant				0				0
Treasury management interest				298				298
One-off capital receipts funding for BT team					(220)			(220)
Unavoidable budget adjustments				347				347
Investment Property income target						(150)		(150)
HoS Cost Review sustainable savings						(563)		(563)
Business Transformation						(294)		(294)
Commercial Strategy						(280)		(280)
Use of homelessness grant to fund service							(282)	(282)
	11,595	126	0	645	(220)	(1,287)	(282)	10,575
Budget & MTFP Update (Feb-20):								
Staff Vacancy Target	(250)							(250)
Inflation Provision -costs & pay				603				603
Covid-19 impact provision		1,000						1,000
Contingency budget on going impact - income		2,650						2,650
Covid-19 LA Grant			(457)					(457)
Income Claim (3 months announced)			(460)					(460)
Total Net Service Cost	11,345	3,776	(917)	1,248	(220)	(1,287)	(282)	13,661

Net Covid impact £2.9m after lost income grant & other support

Non-Covid pressures, pre-existing and new, offset by combined measures

Other Variances 2021/22

Total increase in baseline Net Service Cost: £2.3m.

Contributions to other Reserves suspended.

£1m of Covid Reserve (repurposed lost Income Claim) released.

Council Tax rate increase £5 Band D rather than 1.9%.

£000s	2020/21 Baseline Budget	Pressures (Annexe 1): £3,998				Measures (Annexe 1): -£2,801				Additional Measures	2021/22 MTFP & Budget Draft
		Covid		Structural		Baseline MTFP	Grants	In-Year Savings	Council Tax & Grants		
		Losses	Grants	Losses	Capital						
Total Net Service Cost	11,345	3,776	(917)	1,248	(220)	(1,287)	(282)	0	0	(2)	13,661
Contributions to Reserves											
Revenue Contribution to Capital Programme	1,050							(170)			880
Climate Change Project Reserve	200							(200)			0
Property Investment Reserve	260							(260)			0
Local Plan Part 2 Costs	40							(40)			0
Borough Election reserve	30										30
Business Rate Equalisation reserve	210							(210)			0
Transfer to / (from) MTFP Covid Risk Reserve										(1,000)	(1,000)
Contingency for target achievement				111							111
Annual target for further recurring savings										(195)	(195)
Net Specific Reserve Movements	1,790	0	0	111	0	0	0	(880)	0	(1,195)	(174)
Total	13,135	3,776	(917)	1,359	(220)	(1,287)	(282)	(880)	0	(1,197)	13,487
Financed by:-											
Council Tax	10,114								194		10,308
- collection fund adjustments	117								(71)		46
- base increase									28		28
- rate increase	194								83		277
Retained Business Rates	1,850										1,850
New Homes Bonus	860								118		978
Total	13,135	0	0	0	0	0	0	0	352	0	13,487

Proposed MTFP 2021/22 – 2024/25



£000s	2020/21	2021/22	2022/23	2023/24	2024/25
	Baseline Budget	MTFP & Budget Draft	MTFP	MTFP	MTFP
Total Net Service Cost	11,345	13,661	13,479	12,836	12,407
Contributions to Reserves					
Revenue Contribution to Capital Programme	1,050	880	880	880	880
Climate Change Project Reserve	200	0	0	0	0
Property Investment Reserve	260	0	0	0	0
Local Plan Part 2 Costs	40	0	0	0	0
Borough Election reserve	30	30	30	93	30
Business Rate Equalisation reserve	210	0	(700)	(700)	(400)
Transfer to / (from) MTFP Covid Risk Reserve					
Contingency for target achievement		111	111	111	111
Annual target for further recurring savings		(195)	(945)	(1,311)	(1,585)
Net Specific Reserve Movements	1,790	(174)	(1,294)	(1,257)	(964)
Total	13,135	13,487	12,185	11,579	11,443
Financed by:-					
Council Tax	10,114	10,308	10,308	10,308	10,308
- collection fund adjustments	117	46	3	100	150
- base increase		28	28	28	28
- rate increase	194	277	482	692	906
Retained Business Rates	1,850	1,850	1,150	450	50
New Homes Bonus	860	978	214	1	1
Total	13,135	13,487	12,185	11,579	11,443

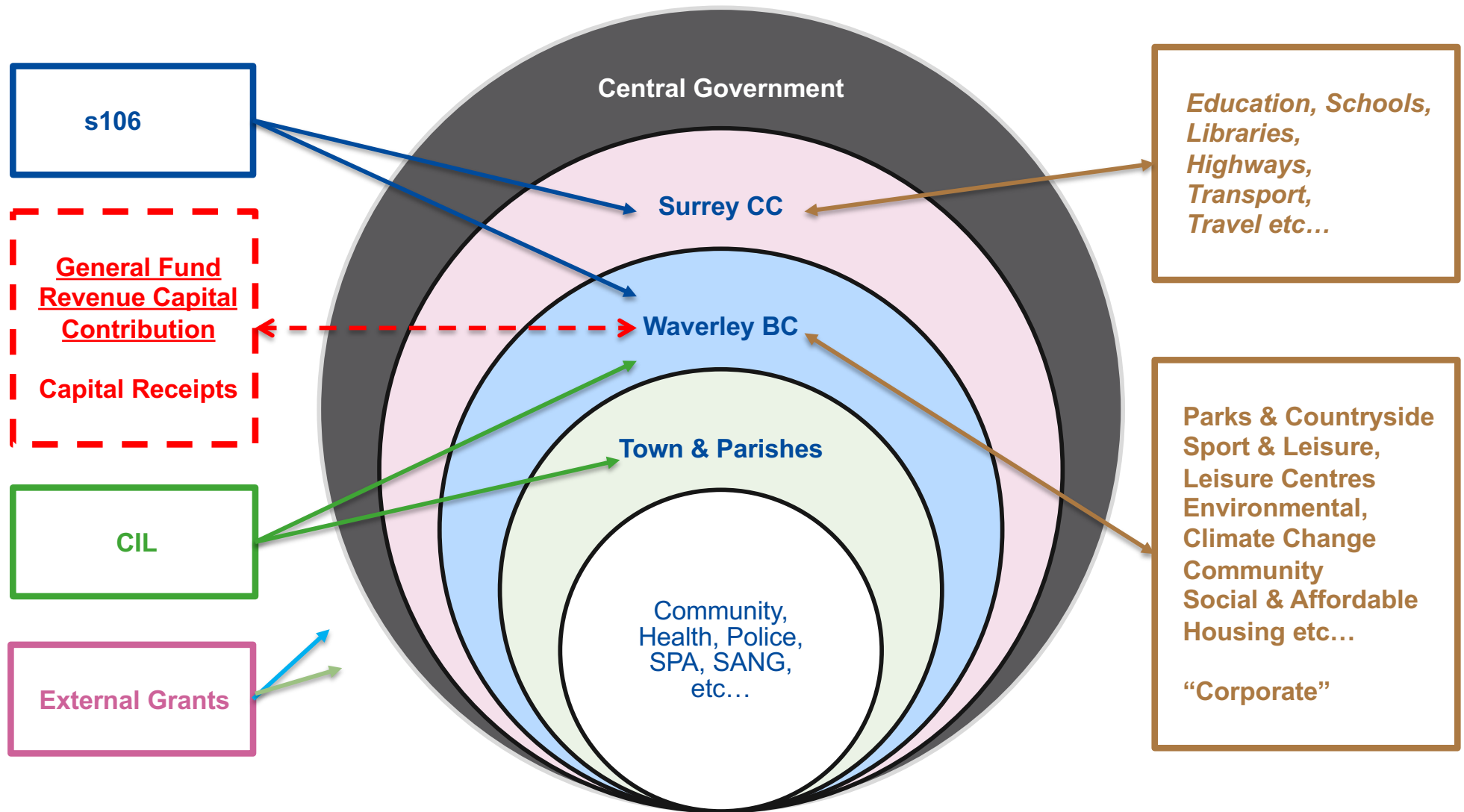
Baseline Net Service Cost contracts as Covid pressures dissipate (income recovers) and MTFP measures overtake structural cost pressures.

Additional recurring savings are targeted.

Non-essential contributions to capital and other reserves remain suspended. Business Rate Equalisation Reserve is partly released. Covid Reserve is utilised.

WBC loses NHB and remaining share of BR.

Capital Programme



Budget Strategy

- **Existing workstreams**
 - MTFP (& Capital Strategy), Consultation
- **HM Government**
 - Covid, Business Rates & Council Tax
- **Capital projects & funding**
- **Reserves**
- **Collaboration and others**

Uncertainty

