

## EAST SUSSEX FIRE AND RESCUE SERVICE

<b>Meeting</b>	Fire Authority
<b>Date</b>	8 September 2022
<b>Title of Report</b>	2023/24 to 2027/28 Strategic Service Planning and Medium-Term Financial Plan
<b>By</b>	Duncan Savage, Assistant Director Resources/Treasurer
<b>Lead Officer</b>	Alison Avery, Finance Manager

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<b>Background Papers</b>	Revenue and Capital Budget 2022/23 and Capital Programme 2022/23 to 2026/27 Monitoring at Month 4 (end July).  Bank of England Quarterly Monetary Policy Report August 2022.  Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
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<b>Appendices</b>	1. Medium Term Financial Plan 2022/23 to 2026/27 2. Illustrative update for 2023/24 Revenue Budget planning
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### Implications (please tick ✓ and attach to report)

*Any implications affecting this report should be noted within the final paragraphs of the report*

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	✓
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	✓
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

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<b>PURPOSE OF REPORT</b>	To provide an update on the Authority's financial planning position in advance of the start of the Service Planning and Budget Setting process for 2023/24 onwards.
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<b>EXECUTIVE SUMMARY</b>	Whilst the main purpose of this report is to set the financial context for the service planning process, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose and Commitments, the Integrated Risk Management Plan (IRMP) and the targets and priorities that underpin them, within the context of the current estimate of
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available financial resources for the period 2023/24 to 2027/28.

Close alignment of business and resource (including finance) planning is necessary to ensure that the Authority can continue to deliver its corporate strategy and IRMP outcomes more effectively. This process has already commenced with a comprehensive review of the Authority's project portfolio re-prioritising both its in-flight projects and its project pipeline and carrying out a resourcing analysis. This work will feed into a review of Strategies and their action plans (in terms of priority, deliverability and affordability) and into the Star Chamber process.

This report would normally set out a full review of the Authority's existing five-year Medium-Term Finance Plan (MTFP). However given the unprecedented level of uncertainty not just regarding the future of local government funding but also inflationary pressures on costs (both pay and prices) now and over the next 18 months we have set out an assessment of the 2023/24 revenue budget only. A full review of the MTFP will be presented to the Authority in February 2023.

The Government carried out a comprehensive spending review (CSR) covering a three-year period from 2022/23 but only provided a one-year settlement. Ministers had committed to providing a two-year settlement for 2023/24 and 2024/25 but given the fast changing political and economic situation it is possible this may change and there has been a suggestion that a new CSR will be carried out along with an autumn budget statement, once a new Prime Minister is in place.

The fire sector will make a strong submission to settlement process but the timetable is unclear and it is unlikely that the outcome will be known until later in the autumn with the provisional settlement expected in late December. If the Government opts for a further one-year settlement, given the broader economic uncertainty, this will not aid planning over the medium term.

Nationally the sector remains reliant on significant one-off funding for investment in protection services and payment of employer's pension contributions, and locally forecasting of future income from Council Tax and Business Rates remains limited. This makes planning for the 2023/24 budget and beyond extremely difficult.

Inflation is at its highest level for decades and CPI is expected to rise to a peak of 13% in the autumn of 2022 and not expected to return to the Bank of England's 2% target level until Q1 of 2024/25. Pay settlements for 2022/23 have not

yet been agreed and there continues to be the risk of industrial action. There is a significant risk that pay settlements for both 2022/23 and 2023/24 will be materially above the 2% currently provided for in the MTFP.

In this uncertain context this report seeks to identify the potential scale of the financial challenge facing the Authority primarily in setting its budget for the next financial year. It updates a number of the assumptions that underpin the current MTFP mid case scenario where that is possible, highlighting emerging pressures and potential risks. The revised financial planning assessment indicates a potential funding gap of up to £3.049m in 2023/24.

The Authority will need to continue to drive, through the service and budget planning process, identification of pressures and new bids for funding, and cashable efficiencies sufficient to provide the Authority with options to balance the budget in 2023/24 and beyond. However it is clear that if the scale of the potential financial challenge facing the Authority is as set out in this paper that efficiencies alone will not be sufficient to bridge the funding gap. The Authority will therefore need to consider a wider range of options beyond its Efficiency Strategy. This must include revisiting the Integrated Risk Management Plan and proposals that would have offered significant additional savings had they been adopted. This will enable the Authority, as far as is possible, to make informed choices about both balancing its budget over the medium term and delivering efficient and effective services once the position for 2023/24 and beyond is clearer.

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**RECOMMENDATION**

The Fire Authority is asked to:

- (i) note the report and its assessment of the potential funding gap for 2023/24;
  - (ii) consider and comment upon the risks set out in section 4.6 and the assumptions set out in the report;
  - (iii) consider their policy preferences for Council Tax, should the Government set the referendum threshold higher than the 2% currently included in the MTFP; and
  - (iv) approve the planning assumption that Protection Grant will continue at its current level and build this into the MTFP.
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## **1. MEDIUM TERM SERVICE PLANNING**

- 1.1 Whilst the main purpose of this report is to set the financial context for the service planning process, through an update of the MTFP, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose "to make our communities safer", its supporting commitments, its IRMP 2020-25, and the targets and priorities that underpin them, within the available resources. This process has become even more important in recent years in the light of the sustained pressure on public sector funding and the consequent need to deliver significant savings over the period of the MTFP.
- 1.2 Members and officers will need to ensure that the service planning process, which is driven through our purpose and commitments and the IRMP, delivers sustainability in the medium term for both the revenue and capital budgets, and the Service as a whole. Officers continue to develop the service planning process to ensure that strategic planning and resource allocation processes (including financial planning/budget setting) are better aligned, ensuring that agreed policy priorities and key outcomes are properly resourced and can be delivered more efficiently and effectively. As a result of this any proposed new pressures, savings and investments will be included in future reports for Member approval.
- 1.3 The Senior Leadership Team (SLT) has already commenced the planning process with a comprehensive review of the Authority's project portfolio re-prioritising both its in-flight projects and its project pipeline and carrying out a resourcing analysis. This work will feed into a review of Strategies and their actions plans (in terms of priority, deliverability and affordability) and into the Star Chamber process. In the context of both affordability and availability of resource within the Service it is likely that there will need to a reduction in investment ambition over the next five years.

## **2. ECONOMIC OUTLOOK**

- 2.1 Near-term inflationary pressures in the UK and the rest of Europe have intensified significantly with a near doubling of wholesale gas prices and a more general tightening in financial conditions resulting in a significant deterioration in the economic outlook. The uncertainty around the outlook is exceptionally high with the UK projected to enter recession from 2022 Q4. The Bank of England's Monetary Policy Report (August 2022) forecasts that output will fall in each quarter from 2022 Q4 to 2023 Q4 with historically weak growth thereafter. The unemployment rate is forecast to remain stable only rising from its current level in mid-2023.
- 2.2 CPI inflation rose to over 9% in June, significantly above the Monetary Policy Committee's (MPC) 2% target and is expected to rise further and peak at 13% in 2022 Q4 before falling to just over 8% in 2023 Q3 and then close to the 2% target in 2024 Q1. Interest rates are expected to rise from their current rate of 1.75% to 2.75% by 2022 Q4 then rise further and stabilise in the short term at 3% in the early part of 2023.

### **3. NATIONAL FUNDING ISSUES**

- 3.1 There is considerable uncertainty in the national funding arena. Following the end of the previous four-year funding settlement in 2019/20 the Government has approved three one-year settlements (for 2020/21, 2021/22 and 2022/23). Whilst these have been more positive for the fire sector nationally than had been anticipated with small real terms increases in the settlement funding assessment (SFA) they have not enabled effective planning over the medium term. In 2022/23 this Authority received the second lowest increase in Comprehensive Spending Power (CSP) of any English fire authority (4.5%), significantly below the average (6.2%).
- 3.2 Ministers had committed to providing a two-year settlement for 2023/24 and 2024/25 but given the fast changing political and economic situation it is possible this may change and there has been a suggestion that a new CSR will be carried out along with an autumn budget statement, once a new Prime Minister is in place. The Provisional Local Government Finance Settlement is not expected to be announced until late December when budget plans are close to being finalised ready for Authority consideration in mid-February. At this stage we have assumed a slightly better outcome than in the MTFP mid case scenario i.e. an increase in the Settlement Funding Assessment (revenue support grant and business rate income) of 2% in cash terms. We have also assumed that we will retain 50% (£0.268m) of the one-off service grant received in 2022/23 on the basis that whilst there may be some policy redistribution of the grant, it will not be completely removed given it was intended to offset at least in part the increase in National Insurance contributions in 2022/23.
- 3.3 At this stage it is not clear how the change of Prime Minister or the current economic situation will affect the settlement. Ministers have previously indicated that local government should not expect to see additional funding to address inflationary pressures nor any pay award above the 2% provided for in most fire authority budgets. Given the split of fire funding across both the Home Office (HO) and Department for Levelling Up, Housing & Communities, the sector continues to compete against other policy commitments e.g. for policing and the Border Force and local government more generally.
- 3.4 The Government has committed to implement the much delayed Formula Funding Review (FFR) and Business Rates Reform (BRR) for 2023/24 but given current economic and political conditions it is increasingly difficult to see this happening.
- 3.5 The fire fighters pension grant was provided in 2019/20 in order to mitigate most of the increase in the employer contribution rate following the most recent valuation process. This one-off grant was extended into 2020/21, 2021/22 and 2022/23. It is again expected that the grant will roll into the base budget from 2023/24 at current funding levels, which is welcome as it provides more certainty but it does subject the funding to annual settlement fluctuations. The current MTFP assumes that funding continues at the current level of £1.734m.
- 3.6 Whilst there is uncertainty on the cost and funding of the remedy resulting from the Sargeant case (initial estimate of historic liability approx. £5m, ongoing costs £0.9m p.a.), it is expected that this will be picked up in the next

quadrennial review and impact on employer contributions from 2024/25. The Authority will be directly liable for the cost of any Injury to Feelings claims and any additional administrative costs of implementing the remedy. A Pension Administration Reserve of £0.190m is being held against these potential costs. No financial impact is reflected in the MTFP and the sector position is that any additional cost should be funded by Government.

- 3.7 The Authority has received a third tranche of one-off grant of £0.358m to fund continued investment in Protection capacity in 2022/23. We understand that the Home Office has secured £12m for the next two years and intends to roll this into the settlement baseline. SLT has agreed to update the MTFP to reflect the assumption that Protection Grant funding will continue at its current level on an ongoing basis. This will allow us to plan our continued investment in Protection capacity including making permanent appointments to nine new posts. In making this decision SLT considered the risk that grant funding may not continue at the current level and that it may be completely withdrawn, resulting in posts being made redundant. However it considered the risk of failing to recruit and retain the staff necessary to fulfil its new statutory responsibilities to be greater. The Authority is asked to endorse this decision. The Service estimates that it will require at least £0.5m of ongoing funding to meet its responsibilities under new Building Safety legislation and will be lobbying for the grant to be allocated in a manner that more closely reflects the risk from high rise buildings where the Authority has the fifth highest number of any authority in England. The Authority has already agreed to supplement this grant funding with an additional £0.3m from its own reserves over 2022/23 and 2023/24.
- 3.9 There has been further delay in the national Emergency Services Network (ESN) project with implementation not now expected until 2027. In June 2022 the Home Office made a unilateral announcement that it would reduce the existing Firelink grant that part funds the additional cost of the existing Airwave communications platform by 20% pa until it reached zero in 2026/27. This creates a pressure of £0.142m in 2023/24 and £0.257m by 2026/27.
- 3.10 There has been no provision for capital or transformation grants within the fire sector since 2015/16. The fire sector CSR submission highlighted the need for new capital funding to replace end of life national resilience assets for which there is no local provision. The cost of replacing those assets current allocated to this Authority is estimated at approximately £1m.

#### **4. LOCAL POSITION**

##### **4.1 Medium Term Finance Plan**

- 4.1.1 The MTFP was previously updated when the 2022/23 Budget was set in February 2022. At that stage there was forecast to be a balanced budget for 2022/23 but given the level of uncertainty about future funding we modelled a range of scenarios which highlighted the potential need to make further savings of between £0.2m (best-case scenario) and £3.8m (worse case scenario) by 2026/27.

4.1.2 Given the level of uncertainty (as noted earlier) we have not updated the MTFP but provided an illustration of the potential scale of the financial challenge in achieving a balanced budget for 2023/24. A full MTFP will be presented in February 2023. The Authority must also consider the risks set out in paragraph 4.6 below when considering its financial planning.

## 4.2 Expenditure

4.2.1 The level of pay award for the Fire & Rescue Service will be determined nationally through the National Joint Council (NJC). The MTFP currently makes provision for a 2% pay increase annually in common with most other fire authorities. No pay awards have yet been agreed for 2022/23. Local Government Employers have offered a flat rate increase of £1,925 to each employee along with increases in leave and expenses payments. If this is agreed the additional cost in 2023/24 will be £275,000. The FBU has rejected the Employer's offer of 2% for Grey Book staff. Based on other recent public sector pay awards announced at between 4-6%, for the purposes of this report we have modelled an increase of 5%, the full year effect of which would be £547,000 in 2023/24. Given the forecast that CPI will reduce but remain significantly above the 2% target rate for most of 2023/24 we have modelled a 4% pay award for all staff (at an additional cost of £636,000). For each 0.5% increase in pay-award, this is equivalent to £155,000 on the employee base 2023/24. The total additional cost of pay awards at these levels above the existing provision in the MTFP in 2023/24 is therefore £1.458m. The sector's CSR submission made it clear that any pay award above 2% is unaffordable.

4.2.2 The MTFP currently provides 2.00% price inflation on goods and services in 2022/23 onwards in line with the Bank of England's target. Each 1% increase in prices is equivalent to £121,000. We are working with budget managers and with the procurement team to assess the level of indexation on our major contracts and understand the likely impact of inflation on our costs for 2022/23 and 2023/24. In this report we have modelled the impact on an average CPI rate on all non pay spend of 8% in the current financial year and 5% in 2023/24. This creates an additional pressure of £1.044m.

4.2.3 To provide Senior Leadership Team (SLT) with flexibility in managing budget in-year there is a Corporate Contingency included in the Revenue Budget and MTFP. This is set at £352,000 for 2023/24.

## 4.3 Emerging Pressures

4.3.1 Emerging pressures have been identified through the financial position reported to Policy & Resources Panel in July and subsequent budget monitoring. However for the purposes of this report we have assumed that these will be resolved and will not place additional pressure on the 2023/24 budget.

## 4.4 Capital Strategy

4.4.1 Worldwide supply chain disruption, inflation and availability of labour have impacted on our capital programme with almost 40% underspend of the 2022/23 capital programme reported at period 3. This will clearly impact on our

plans for capital investment in 2023/24 and beyond. In addition the project portfolio review is also likely to affect the phasing of some capital projects. The Estates Team is near to completing its Phase 2 review of capital schemes (covering Day Crewed and Retained Stations) and is reviewing its procurement strategy in the light of our experience with the Hove Design Guide project. There is the potential for business cases to be made for new schemes for example in relation to the provision of enhanced cleaning arrangements for Breathing Apparatus (BA) and also for the replacement of our current BA. These changes and also the change in the forecast for future borrowing rates will impact on the cost of borrowing in the MTFP, but for the purposes of this report we have assumed that the capital programme and its financing remain unchanged.

- 4.4.2 The Authority will need consider the funding implications, including capital investment requirements that result in its budget proposals and MTFP. For every £1m borrowed, this will cost an estimated £60,000 - £70,000 (based on the current MTFP) per annum in interest payments and Minimum Revenue Provision (MRP) to repay the loan upon maturity. In addition the Capital Asset Strategy will be extended from five years to ten to give better visibility of future capital investment needs and to understand what a baseline of capital investment will cost once the current additional investment in estate and fleet is complete. Our current intention is to reach a position by the end of the current MTFP where baseline capital investment is funded through revenue contributions with new borrowing only utilised for new projects.

## **4.5 Reserves and Balances**

- 4.5.1 Reserves and balances are held in accordance with the Authority's agreed policy. The planned use of reserves and balances will be reviewed as part of the service planning process in light of the savings requirement, any changes to the Capital Strategy, the outcome of grant funding bids to Government and the need to fund the costs of up-front investment to support the delivery of savings proposals.
- 4.5.2 The level of reserves held is expected to reduce significantly over the next five years from £19.2m in 2022/23 to £5.2m by 2026/27 comprising primarily an unallocated risk provision of £2.2m and Capital Programme Reserves of £2.2m. This position will be affected if it is necessary for the Authority to use its balances to fund spending pressures in 2022/23 or to balance its budget in 2023/24. The continued use of reserves to fund in year pressures or to balance its revenue budget is not sustainable.

## **4.6 Risks**

- 4.6.1 There are a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, some of which are discussed in more detail elsewhere in this paper, primarily:
- Our ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy and the Integrated Risk Management Plan (IRMP);



- The impact of additional budget pressures for example those arising from pay and price inflation and any proposals for investment to support the achievement of carbon reduction;
- The significant costs likely to arise from the remedy to the successful legal challenge to the transitional arrangements for the FPS 2015 (increased employers contributions, compensation and administrative costs) and a number of other pensions cases, and a lack of clarity on whether the Government will fund those costs;
- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards and the resulting impact on the revenue budget;
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for a national pay award to exceed the provision in the budget;
- Uncertainty about future governance and funding including:
  - o the three year Comprehensive Spending Review
  - o the impact of the Fairer Funding Review
  - o proposals for review of business rates
- The potential impact of worldwide supply chain disruption on the on the cost and availability of goods and services
- The impact of local growth and additional housing, road and commercial risks;
- The impact of climate change on the incidence of wildfires and flooding;
- Any further development of local devolution proposals;
- The impact of the Government's Fire White Paper for changes to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process;

The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery.

## 4.7 **Financing**

### **Council Tax Increase**

4.7.1 It is assumed the Authority will increase council tax by 1.99% for the duration of the MTFP following the council tax referendum threshold set at 2% for most fire authorities in 2022/23. The Authority and the sector are continuing to lobby for precept flexibility of £5 in order to improve local flexibility and financial sustainability without the need for a costly referendum. Flexibility of 2% or £5 was granted to the eight FRAs with the lowest council tax in 2022/23.

4.7.2 If the Government was to allow an increase in the council tax referendum threshold to £5 per council tax payer, an increase of 5%, this would result in an additional £896,780 in 2023/24. The Authority is asked to consider its policy preferences for Council Tax, should the Government set the referendum threshold higher than the 2% currently included in the MTFP.

### **Council Tax Base**

4.7.3 In the MTFP, we have assumed that growth in Council Tax base will be 0.75% in 2023/24, followed by a 1% year on year growth 2024/25. There is limited information from billing authorities currently and it is possible that the current

economic conditions and impact on households may lead to further proposals for changes to Local Council Tax Reduction Schemes (LCTRS) which would counterbalance any increase in taxbase above the current forecast. For that reason we have not proposed any change to the current forecast other than to adjust for the incorrect taxbase for 2022/23 advised by Rother DC.

### **Council Tax and Business Rates Collection Funds**

- 4.7.4 At this early stage we do not have sufficient information to assess collection rates for 2022/23 and the impact on the collection fund for 2023/24 but given the current economic conditions we have assumed a small deficit of £0.2m. This will be offset by the final year of the Governments Collection Fund Compensation Grant which we now expect to be £0.056m. We will be working with the billing authorities and other major preceptors in East Sussex to improve financial monitoring and forecasting.

### **Business Rates**

- 4.7.5 Business rates income is updated to reflect the latest assessment of 2022/23 income and the planning assumption that Settlement Funding Assessment will increase by 2%. We have assumed that S31 Business Rate grant will continue into 2023/24 at its current level (£1.469m)

## **4.8 Savings Plans and Efficiency Strategy**

- 4.8.1 Between 2010/11 and 2021/22 the Authority has made savings of approximately £10.7m. In 2017 the Authority determined to take a more holistic and strategic approach to delivering efficiencies that moved beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. Officers remain committed to delivering on this approach, but is clear that the enabling activities, for example CRM, Firewatch and Business Intelligence projects, as well as partnership projects such as ITF have required increased investment and longer delivery times to put in place. Alongside delivery activity SLT and project boards continue work to identify and deliver improved return on investment and increased cashable efficiencies.

The current budget and MTFP commits the Authority to review the following areas for their potential to deliver efficiencies for 2022/23 onwards:

- Community Safety – alternative delivery models (underway but not expected offer savings until 2024/25)
- Primary Authority – further development of income opportunities (report due to SLT this autumn)
- Process Digitisation (FW and CRM underway and savings built into MTFP, business case for HR process digitisation being prepared, MBOS project due to go live April 2023, Fleet Asset Management system due for implementation in 2022/23)
- Review of Senior / Middle Management (not started)
- Administration Review (review paused pending completion of FW and CRM projects)
- Fleet & Equipment Strategy (will be fed into budget setting process)

- ITF Shared Engineering Service (underway – potential for savings to result from insourcing of maintenance work once workshop enhancements are complete, and in the medium term from shared service)
- P21 / Tripartite Mobilising Service– operational / joint working efficiencies (work underway on investment plan and identification of efficiencies through Joint Strategic Board)
- Post Covid Ways of Working (initial report complete with workshop planned to determine activities in 2023/24 including options to make better use of estate)

Whilst most of these areas have work underway it is unlikely that they will identify material savings / efficiencies for implementation until 2024/25.

4.8.2 In addition it is clear that if the scale of the potential financial challenge facing the Authority is as set out in this paper then efficiencies alone will not be sufficient to bridge the funding gap. The Authority will therefore need to consider a wider range of options beyond its Efficiency Strategy and this will include:

- Opportunities to reduce costs by 5/10 % across all services as part of the budget setting process
- Reducing its ambition to invest through its Estates, IT and Fleet & Equipment Strategies
- The use of reserves to smooth the savings requirements in the early years of the MTFP (albeit the Authority has fully committed its Earmarked Reserves and its General Balances are currently at / below its agreed Policy minimum)
- The need to revisit its IRMP for 2020-25 or to consider other reductions across all its services

4.8.3 Proposals will be developed through the budget setting and service planning process and reviewed for impact and deliverability through Star Chambers before presentation to SLT in November. These proposals will be reported to the Authority in January and February 2023 for review and approval.

## Medium Term Financial Plan 2022/23 to 2026/27

MEDIUM TERM FINANCIAL PLAN 2022/23 - 2026/27					
INCREASE COUNCIL TAX BY 1.99% EACH YEAR					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Gross Revenue Service Budget</b>	<b>42,543</b>	<b>42,756</b>	<b>43,420</b>	<b>44,021</b>	<b>44,582</b>
<b>Less</b>					
Specific grants	(1,790)	(1,790)	(1,791)	(1,791)	(1,792)
Other income	(483)	(487)	(492)	(497)	(502)
<b>Total income</b>	<b>(2,273)</b>	<b>(2,277)</b>	<b>(2,282)</b>	<b>(2,288)</b>	<b>(2,293)</b>
<b>Net Service Budget</b>	<b>40,270</b>	<b>40,479</b>	<b>41,138</b>	<b>41,733</b>	<b>42,289</b>
Capital financing costs less interest receivable	866	886	1,152	1,349	1,547
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(462)	(100)	0	0	0
Transferred to reserves	1,092	1,866	2,435	2,565	2,792
<b>Total Net Expenditure</b>	<b>41,766</b>	<b>43,130</b>	<b>44,724</b>	<b>45,647</b>	<b>46,628</b>
<b>Net Budget brought forward</b>	<b>40,704</b>	<b>41,766</b>	<b>43,129</b>	<b>44,722</b>	<b>45,645</b>
Unavoidable cost pressures					
Pay inflation	590	603	607	612	621
Price inflation	227	242	242	250	252
<b>Total inflation</b>	<b>817</b>	<b>845</b>	<b>849</b>	<b>862</b>	<b>873</b>
Changes in Capital Financing	(25)	10	266	197	199
Budget commitments	1,480	568	661	54	(23)
Savings approved	(778)	(192)	(183)	(190)	(68)
Reserve Funding	(432)	132	0	0	0
<b>Total Net Expenditure</b>	<b>41,766</b>	<b>43,129</b>	<b>44,722</b>	<b>45,645</b>	<b>46,626</b>
<b>Sources of Funding</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,594				
Business Rate Top Up	5,170				
<b>Business Rates Baseline</b>	<b>7,764</b>				
Revenue Support Grant	3,325				
Service Grant Allocation	535				
<b>Settlement Funding Assessment</b>	<b>11,624</b>	<b>12,214</b>	<b>12,214</b>	<b>12,214</b>	<b>12,214</b>
Section 31 Grant Business Rates adjustment	1,125				
Collection Fund (Deficit) / Surplus	(1,136)	(200)			
Release of S31 Reserve	836				
Covid-19 Collection Fund Deficit 75% compensation CT & BR	29	29			
<b>Collection Fund (Deficit) / Surplus (Adjusted)</b>	<b>(271)</b>	<b>(171)</b>	<b>0</b>	<b>0</b>	<b>0</b>
local council tax support grant					
<b>Council Tax Requirement</b>	<b>29,288</b>	<b>30,096</b>	<b>30,999</b>	<b>31,933</b>	<b>32,895</b>
<b>Total Resources Available</b>	<b>41,766</b>	<b>42,139</b>	<b>43,213</b>	<b>44,147</b>	<b>45,109</b>
<b>Additional Savings Required / (surplus)</b>	<b>(0)</b>	<b>990</b>	<b>1,509</b>	<b>1,498</b>	<b>1,516</b>
Refreshed MTFP - best case scenario - Service grant baselined in 23/24 and SFA increase 2% from 24/25		455	719	448	201
Refreshed MTFP - worse case scenario - SFA reduce 5%		1,601	2,700	3,240	3,782

## Illustrative update for 2023/24 Revenue Budget planning

	2023/24 £'000
<b>Net Existing Budget Requirement (Mid-case Scenario - cash flat settlement)</b>	<b>43,129</b>
<b>New Pressures:</b>	
Reduction in Firelink grant	142
2022/23 Pay Awards - Green Book £1,925 per person	275
2022/23 Pay Awards - Gold Book modelled at 5%	547
2023/24 Pay Awards - modelled at 4%	636
2022/23 Price Inflation - modelled at 8%	681
2023/24 Price Inflation - modelled at 5%	363
<b>Net Additional Pressures</b>	<b>2,644</b>
<b>Refreshed MTFP Net Budget Requirement</b>	<b>45,773</b>
<b>Sources of Funding (Mid-case Scenario - cash flat settlement)</b>	<b>42,139</b>
<b>Additional funding:</b>	
Settlement funding assessment	(911)
S31 Business Rates Adjustment	1,469
Covid-19 Collection Fund Compensation	27
<b>Additional Funding</b>	<b>585</b>
<b>Refreshed MTFP Net Budget Requirement</b>	<b>42,724</b>
<b>Refreshed MTFP Forecast Savings Requirement</b>	<b>3,049</b>