

In respect of ITEMS 6&7, 'Medium Term Financial Strategy and Annual Budget' and 'Setting of the Council Budget and Council Tax for 2023/24', the recommendations in the report be replaced to read as follows:

The Council is advised to RESOLVE the Revised Medium (4 years) / long term (3 years) set out in Appendixes 1A, 1-2, 1-3.

Financial Strategy, as set out in Appendix 1A to this report, be agreed upon, comprising:

1. Revenue Estimates from 2023/24 to 2026/27 (4-year council) and then from 2028 /29 to 2029/30
2. The 2023/24 budget estimates give a net cost of services revenue budget for the Council of £17.595 million as shown in Appendix 1A to the Medium-Term Financial Strategy.
3. Given the Cost-of-Living crisis confronting Surrey Heath residents, the Council instructs the Chief Financial Officer and his team to adjust Items 6 & 7 to reflect the changes below,
4. The council provide a rebate of council tax levied by SHBC as set out below. The council rebate will be given back to the residents who reside in Band A to Band D for two years 23/24 and 24/25 only.

<u>2023/24</u>	Fraction used	Rebate value	No of Dwellings	Total Rebate
Band A	6/9	£4.66	675	£3,143.90
Band B	7/9	£5.43	2604	£14,149.86
Band C	8/9	£6.21	6329	£39,304.13
Band D	9/9	£6.99	10177	£71,100.94
Total Cost (Year 1)				£127,698.82
<u>2024/25</u>	Fraction used	Rebate value	No of Dwellings	Total Rebate
Band A	6/9	£4.80	682	£3,270.28
Band B	7/9	£5.60	2,630	£14,718.67
Band C	8/9	£6.40	6,392	£40,884.11
Band D	9/9	£7.20	10,279	£73,959.13
Total Cost (Year 2)				£132,832.18

This will give much-needed relief to our residents for two years when the cost-of-living crisis will be a burden on a segment of our society.

There will be no change to Bands E to H which will be charged the full 2.99%

There will be no change in Surrey County Council (SCC) or the Police and Crime Commissioner (PCC) precepts as these are not within this Council's prerogative to change.

5. Impact of Inflation and Interest rates (appendix 1-1)

Prudently, this medium-term and long-term budget estimate has been adjusted to take into account, these official forecasts from the following institutions.

- (a) The inflation forecast which has been issued by the Office of Budget Responsibility (OBR)
- (b) The Interest rate forecast for the Bank of England (BoE) has been provided by Link Group, the Council's treasury advisors.
- (c) Both forecasts are for the period from 2022 to 2028. See Appendix 1-1, for the forecast chart.

In most instances in the past years, these institutions have been prudent. Hence, we have been further cautious in using it, by adjusting our forecast accordingly.

- a. We estimate the fall in inflation, is very realistic. Inflation is already showing signs of slowing down. We believe that the inflation will be less than 2%, around quarter 3 of 2024 and continue to fall below the BOE's target rate of 2 %
- b. Based on the above it is prudent to assume, that the BoE will be reluctant to increase the Base rate significantly. The base rate currently stands at 4 %, it may go up by a further 0.25 % to 0.5 %. (If at all). We believe any further increases will be counter-productive to the economic growth of the country.
- c. Based on the above we have revised the growth plan for the Council.
- d. We expect the rental income in respect of our Retail and Industrial properties will increase by a modest 5 % cumulative, from 24/25 but will flow through with a time lag of one year. The increase is shown from 25/26 and will flow through the forecast into other years. See investment and development Appendix 1-3
- e. The interest payments paid by the Council are also reduced by the following amounts.

Year	Base budget adjustment
2024/25	No drop – time lag on loans
2025/26	100,000
2026/27	200,000
2027/28	200,000
Total base adjustment	500,000

- 6. To agree on the unavoidable service pressures and budget growth of £5.337 million in years 23/24 shown in Appendix 1A. Further analysis is provided for other years from 24/25 to 29/30 in appendix 1-2
- 7. To agree on the revenue efficiencies of £2.348 million for year 23/24 and the rest of the forecast, 24/25-29/30 are shown in Appendix 1-3 and in detail to the Medium / Long Term Financial Strategy.
- 8. To agree to Items (d) – (e) set out as previously.

Capital Receipts and Reductions in loan repayments and Interest.

We have taken into account capital receipts for the sale of some assets.

We expect the following MRP amounts to flow through our projections,

25/26	£60k
27/28	£60k
28/29	£60k
29/30	£60k

Based on the assumptions of – no more capital borrowing, the receipts are used to pay off debt.

If there is a need for borrowing in the future for some undefined capital project, we have not provided for this in the MTF.

Long-Term Projections (27/28-29/30)

We have incorporated the above years to draw attention to showing the depletion in General Funds from 27/28 onwards.

We have concluded that the Council needs serious structural changes.

The change needs to commence as soon as the new Council is elected.