



Budget for Executive

Medium Term Financial Strategy 2022/23 to 2025/26

- Revenue budget 2022/23
- Capital Strategy and programme
- Council Tax





Medium-Term Financial Strategy – Key principles

- Budget to reflect the on-going impact of Covid on Council income
- Progressively bring budget back to a sustainable position
- Make use of available reserves to cushion the impact
- Maximise the delivery of efficiencies and income generation
- Take a robust root and branch approach to reviewing budgets
- Appropriate challenge of outputs and cost drivers



Medium-Term Financial Strategy – Assumptions

- Covid impact on income levels do not worsen further and begin to slowly recover over the medium term
- Council Tax and Business Rate annual growth in line with core spending power
- Review and reprioritise current year's capital programme based on continued viability, health and safety and 'invest to save'
- Will repurpose up to £7.5 million of reserves into balances to support the budget



Building next year's budget 2022/23

		£000	£000
Start with net budget for 2021/22:			12,410
Budgetary growth:	(main items)		
(See Appendix I-1)	Reduction in commercial income	2,127	
	Reduction in Car park income	426	
	Rebates for garden waste scheme	300	
	Employers National Insurance Contributions	139	
	JWS increased costs (contractual)	330	
	Pay award (under negotiation)	234	
	Annual plan	125	
	Local plan – legal counsel	100	
	Other growth	1010	4,791
Efficiency measures:			
(See Appendix I-2)	Service efficiencies		(2,413)
Budget requirement for 2022/23			14,788

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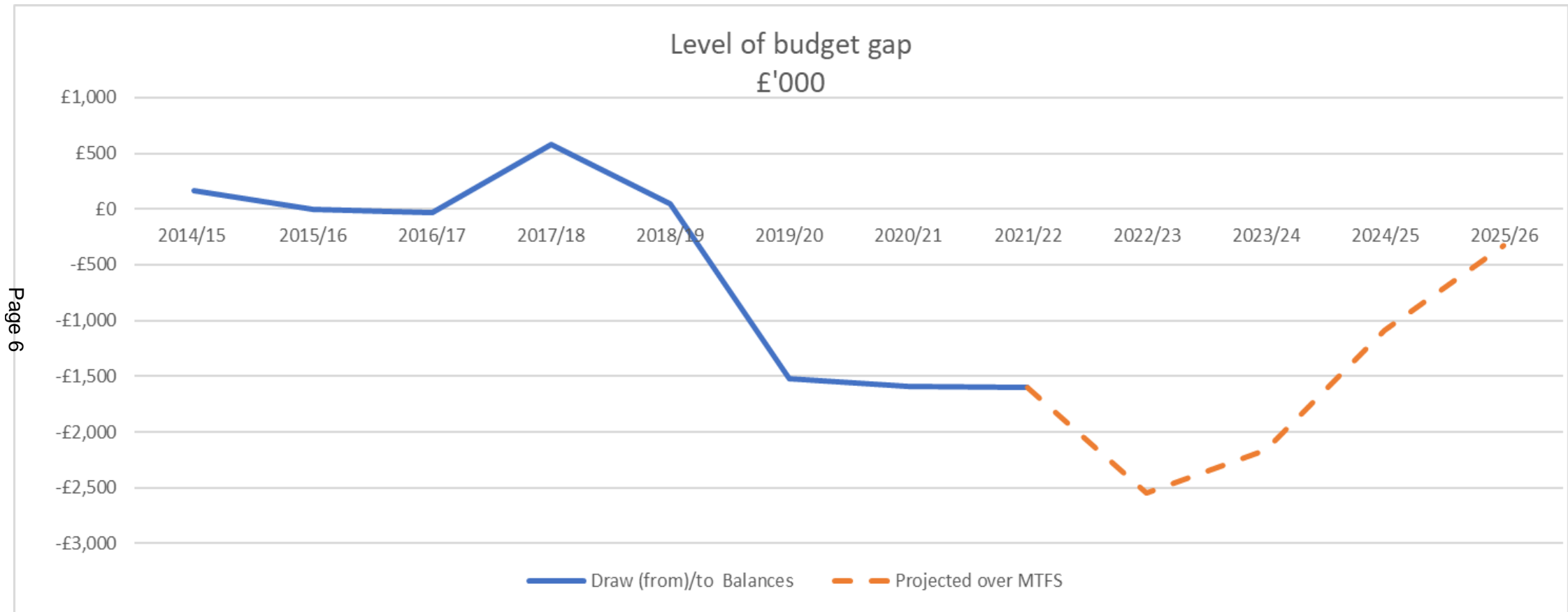
2022/23	£000
Funded by:	
Council Tax	9,107
Special Expenses	187
Business Rates	1,948
Collection fund	221
Other grants	507
Total funding	11,970
2022/23	£000
Budget Requirement	14,788
Use of reserves	270
Funding	11,970
Funding Gap	2,548

Medium Term Financial Strategy		(Appendix I)			
		2022/23	2023/24	2024/25	2025/26
Revenue expenditure budget (including fees and charges)		12,409,912	14,787,718	14,039,125	13,289,511
Plus: Growth Pressures (including loss of income)		4,791,118	(304,976)	59,072	417,691
Less:	Identified efficiency savings	(1,938,312)	50,879	(556,009)	(758,370)
	Star chamber & base budget review	(475,000)	(425,000)	(300,000)	(150,000)
SUB TOTAL		14,787,718	14,039,125	13,289,511	12,861,478
Funded from:	Council Tax*	9,327,985	9,395,073	9,687,822	9,985,486
	Business Rates	1,947,497	1,588,178	1,622,276	1,654,722
	Other financing	694,261	618,086	619,975	621,882
	Use of earmarked reserves	270,000	270,000	270,000	270,000
TOTAL (requirement to take from Balances)		(2,547,975)	(2,167,787)	(1,089,439)	(329,388)

*2022/2023 figure includes £220,813 contribution from council tax account



Reducing the deficit over the MTFS

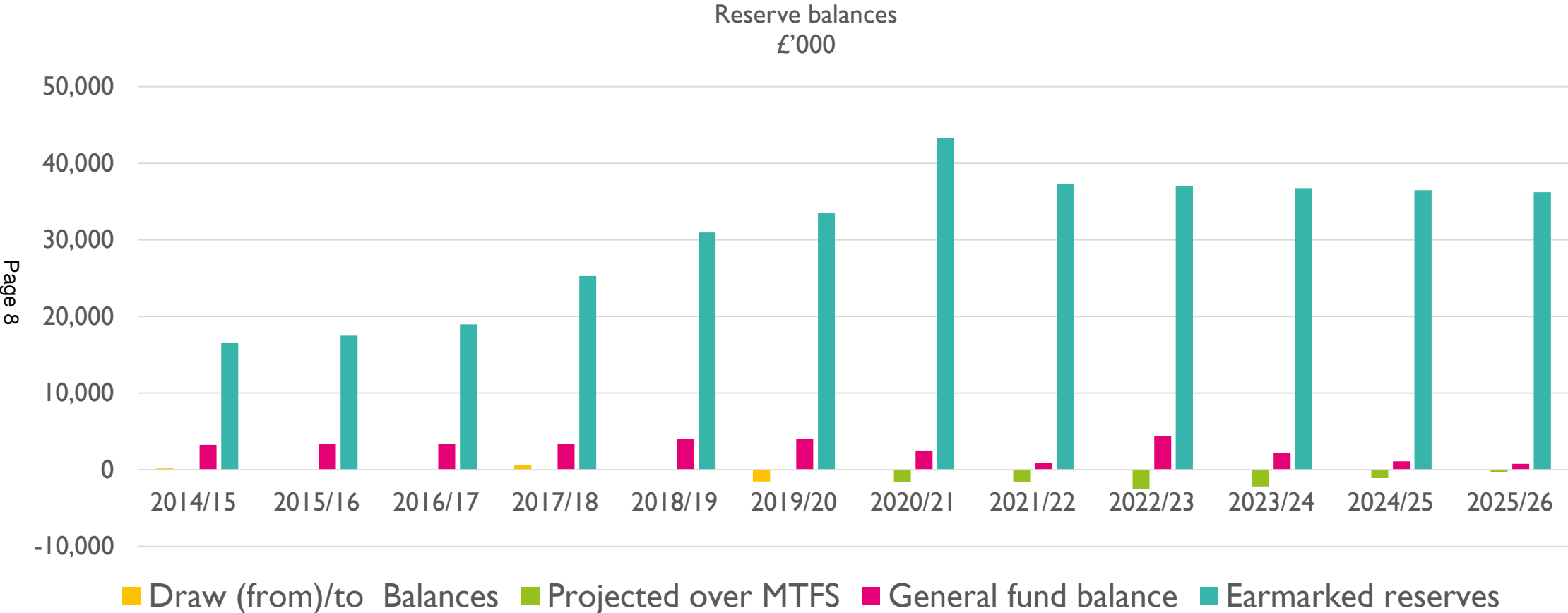


Capital

- Programme much reduced in 2022/23 to 2025/26
- Funded from receipts reserves – no borrowing for new schemes
- About £8.5 million of current schemes to be reprofiled
- Review of viability with increases in labour and materials costs in construction



Level of reserves and drawdown over the MTFS



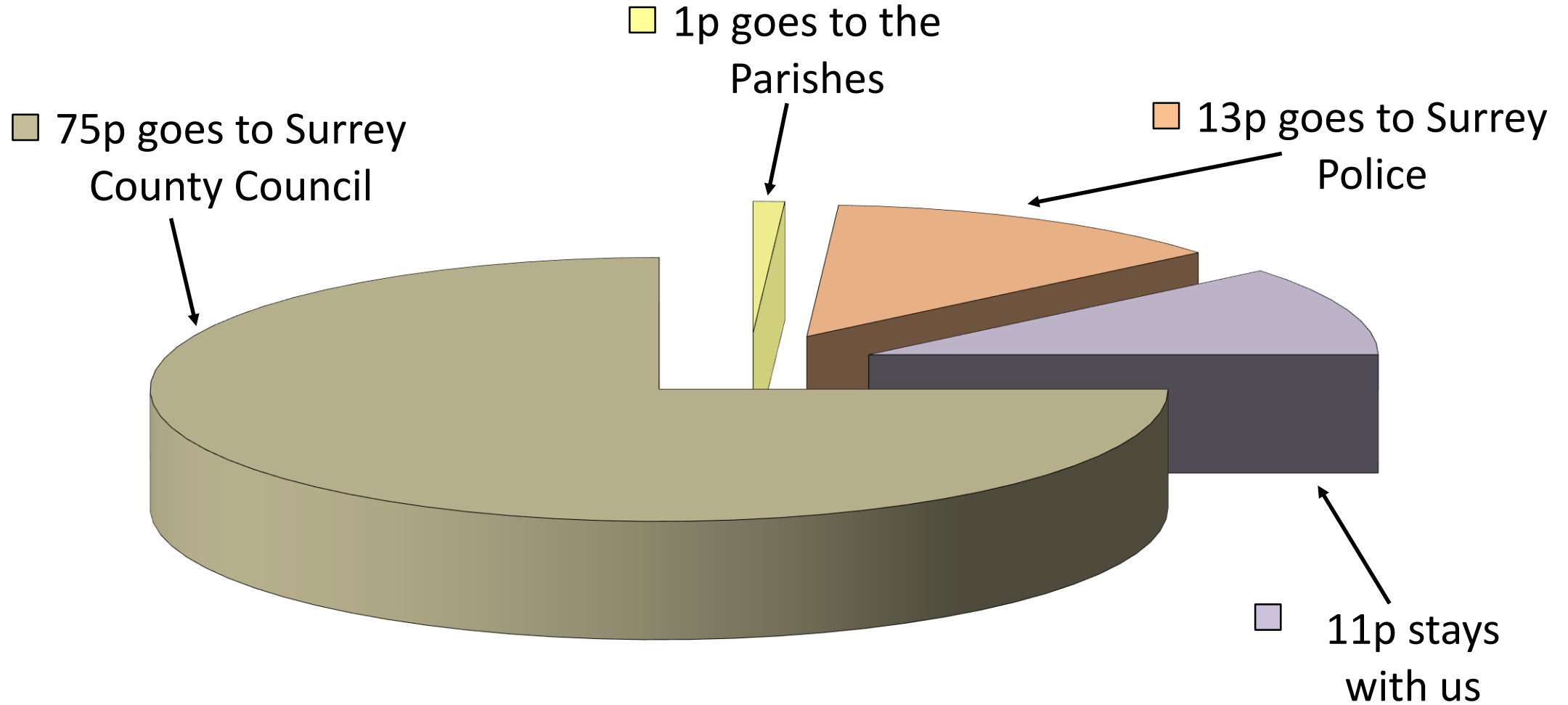
Council Tax

Precepting body	Cash increase for Band D	Percentage increase
Surrey Heath Borough Council	£5.00 proposed to Council	2.19%
Surrey County Council	£77.31 agreed 8 Feb 22	1.99% core and 3% ASC = 4.99%
Surrey Police	£10.00 – approved 4 Feb 22	3.50% on £285.57

- Capping arrangements:
 - Surrey Heath – the greater of 1.99% or £5.00 cash increase
 - Surrey County - £1.99% basic plus an additional 1% on ASC plus the balance of 3% ASC not taken previously (2.5% in the case of SCC)
 - Surrey Police – capped to £10 cash increase



Council Tax



Summary and Section 15 | Officer opinion

- Surrey Heath like many other local authority areas has been hit hard by the pandemic.
- Surrey Heath Borough Council is well placed due to a highly sustainable level of reserves that it could use to support Council budgets over the medium term.
- The proposed Medium Term Financial Strategy demonstrates a smooth return to a balanced budget and potentially starting to replenish balances
- The estimates used are both prudent and robust and the levels of reserves are sustainable.



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