

Hertsmere Borough Council

Medium Term Financial Plan 2021/22 to 2025/26

	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
General Fund Budget Requirement					
Net Budget Brought Forward	12,290	12,290	13,130	13,386	13,494
Budgetary Increases / Savings:					
Employee related expenditure Including pension		1,574	679	371	378
Net inflationary impact, growth and contractual obligations		50	735	340	126
Net (increase)/reduction in income		(783)	(171)	(117)	(120)
Required budget savings and efficiency gains	0	(0)	(987)	(485)	(28)
Net Budget Requirement	12,290	13,130	13,386	13,494	13,850
Funding:					
Government Grant:					
Revenue Support Grant	0	122	129	(113)	(115)
Council Tax Support Grant	69	0	0	0	0
Lower Tier Services Grant / Funding Guarantee	122	1,020	774	789	805
Services Grant	188	106	106	108	110
New Homes Bonus	400	25	0	0	0
Local Taxation:					
Business Rates Baseline Need	2,723	2,825	2,980	3,040	3,101
Business Rate Under-Indexation Grant (S31)	224	481	507	517	527
Business Rate Growth	332	0	0	0	0
Council Tax	8,232	8,551	8,890	9,153	9,422
Total Funding	12,290	13,130	13,386	13,494	13,850
Year on Year Increase/(Decrease) on Net Budget Requirement		840	257	108	356

Assumptions:

- Pressures and efficiencies already agreed have been factored into the budget from 2023/24 onwards
- A staff and member pay award of 4% for 2023/24, 3% for 2024/25 and an annual pay award of 2% per annum thereafter
- Inflation has been included in 2023/24 budgets where appropriate based on current prices (i.e. for utilities and fuel) and/or contractual obligations (i.e. grounds maintenance)
- Budgets have been adjusted where appropriate to reflect current and anticipated demand (i.e. parking and waste services)
- 2.99% Council Tax increase for 2023/24 and 2024/25 then 1.99% thereafter. This is in line with current referendum limits and the Government's expectations for core spending power
- Council Tax base set at 43,211.9 for 2023/24 (subject to Council approval in January 2023) based on actual band D equivalent properties as at October 2022 with assumed growth of 500 new properties per annum thereafter
- Council Tax support levels have returned more or less to pre-covid levels and are assumed to remain stable for period of MTFP but will be closely monitored due to cost of living (adjusted for property growth)
- Annual inflationary increases from 2025/26 are based on the Government's target for CPI inflation of 2% and have been applied to the following:
 - Pay award
 - Contracts, utilities and fees & charges
 - Business Rates
 - Government funding
- The 2020/21 collection fund deficit is spread over 3 years (as per regulations) with it being funded from the business rates equalisation reserve.
- The Pension Fund Actuary has been undertaking their triennial review of the pension fund. The draft figures provided late December show Hertsmere's primary contribution rate is set to rise from 18.6% to 19.7% for the next three years from 2023/24. The secondary rate lump sum payment is set to reduce from £1,114k per annum in 2022/23 to £1,000k from 2023/24. This represents an overall reduction in the contribution rate of 1% from 32% in 2022/23 to 31% from 2023/24 however in budgetary terms, due to the increasing pay load, the net budgetary impact of both the primary and secondary rate changes represents a small budgetary increase of £8k in 2023/24. Over the triennial period the primary contribution rate will remain at 19.7% and will therefore be directly correlated with pay inflation, whereas the secondary rate includes inflationary increases of 3.2% per annum for 2024/25 and 2025/26. The secondary rate increase has been assume at 2% thereafter.

NB Further detail on the influences, pressures and assumptions made when compiling the financial strategy and this MTFP are set out in section 13 of the financial strategy and are reviewed annually as set out in section 11 of this budget report.