



# Public Consultation on Budget

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SUB-T

# Budget and MTFP – Legal Background

- The Council has a statutory duty to set a Budget and Medium Term Financial Plan (MTFP) which includes setting the level of Council Tax for the next financial year
- This needs to be done before 11 March
- Local Government must set a balanced budget i.e. it must set a budget that is within its available resources – it cannot legally budget to overspend
- The Government set a limit for Council Tax increases – any proposal to set an increase higher than the limit requires a referendum
- In setting a budget the Council has a duty to consult with the public

# Budget and MTFP - process

- In February 2022 the Council set a balanced budget for 2022-23 and a balanced MTFP for the wider period to 2025
- Unlike some Councils there were no “Savings yet to be identified” in years 2 and 3 of the plan
- But a lot has happened since... within the first week there was the Russian invasion of Ukraine
- Inflation has been much higher for longer than forecast
- This year we set the budget for 2023-24 and an MTFP to 2026
- This encompasses an update to the existing plan for the implications of events since the last budget and adding a new 3<sup>rd</sup> year

# Budget and MTFP - context

- The Chancellor in his Autumn Statement stated public finances would face challenging times
- That the challenges could not all be funded by Government... it would have to be a mix of increased taxation and spending reductions... businesses would have to contribute but would get some early protection
- Council has received a good grant settlement from the Government, but
  - Inflation is running at highest level for 40 years
  - Impact of COVID pandemic – not gone away with supply chain issues in particular linked to China
  - Energy prices spiralling

As the Chancellor said Government cannot fund all the increased costs

# Budget and MTFP – Proposal (1)

- The proposed Budget addresses the steep increase in costs caused by high inflation by:
  - Reducing spend where possible but protecting front line services (the Council has delivered £2.8m of savings since 2016 – areas for further reductions are few)
  - Increasing Fees and Charges by 7% on average (this will equate to approx. 10% in total over 2022-24 – inflation close to 20% for same period)
  - Ensuring those who should pay for services do i.e Trade Waste
  - Additional support from the Government through grants and business rates

# Budget and MTFP – Proposal (2)

- Increase in Council Tax – 4.99% is less than half the rate of inflation
- Ensure that Council Tax reliefs, in particular single person discount, is only given to those who meet the requirements
- If and when legally able to introduce a 100% premium on Council Tax for second homes
- Strategy is to balance budget over three years as some initiatives will take time to deliver – will use reserves to smooth budget but will be living within our means by year 3

As with Central Government it's a mix of reduced spending, taxation and income

# What the budget delivers

- The proposed budget delivers:
  - Continues to provide the most generous support possible to the poorest on the islands in terms of support in paying Council Tax (100% relief for poorest)
  - Hardship scheme for any household that falls outside of Council Tax support scheme
  - Improvements to the quality of Social Housing stock
  - Supporting the vital transport links with the mainland
  - Part of solutions to housing problem
  - Investment in Council Assets to ensure services are sustainable
  - Ensuring those who should pay do pay

# Latest Forecast MTFP 2023-26 Resources

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Council Tax	1,784,911	1,860,252	1,978,404	2,126,976
Council Tax Collection fund Surplus/(Deficit)	(87,867)	(52,892)	0	0
Second Homes Council Tax premium	0	0	156,702	164,521
Business Rates (Incl S31 grants & Top up)	1,760,569	1,970,747	2,043,522	2,056,673
Business Rates Collection fund Surplus/(Deficit)	(490,656)	2,009	0	0
Covid Business Rate Relief Grant	490,656	59,999	0	0
Revenue Support Grant	1,937,102	2,135,121	2,295,255	2,318,208
Local Council Tax Support Grant	0	0	0	0
Covid Grant	0	0	0	0
Improved Better Care Fund	81,490	81,490	81,490	81,490
Social Care Grant	103,730	169,401	169,401	169,401
Market Sustainability & Fair cost of care fund	8,546	0	0	0
Services Grant	105,089	59,216	59,216	59,216
ASC Market Sustainability & Fair cost of care fund	0	29,648	29,648	29,648
ASC Discharge Fund	0	11,425	11,425	11,425
Other Minor Grants	937	0	0	0
<b>Total Resources</b>	<b>5,694,507</b>	<b>6,326,416</b>	<b>6,825,063</b>	<b>7,017,558</b>



# Latest MTFP 2023-26 Revenue Budget

	2023/24	2024/25	2025/26
	£	£	£
Service Budgets brought Forward	5,842,374	6,579,226	6,840,063
Inflation	627,614	170,145	114,159
Other Pressures and Growth	370,630	(17,000)	88,500
Service Savings Plan	(261,392)	107,693	(25,164)
<b>Service Budget Requirements</b>	<b>6,579,226</b>	<b>6,840,063</b>	<b>7,017,559</b>
Specific Projects Expenditure	0	0	0
Specific Projects Income	0	0	0
Transfer to/(from) General Fund Reserve	(217,809)	0	0
Transfer to/(from) Specific Reserves	(35,000)	(15,000)	0
<b>Total Net Budget</b>	<b>6,326,417</b>	<b>6,825,063</b>	<b>7,017,559</b>

In summary need to fund additional £1.3m over next 3 years, this will come from a mix of approximately:

50% Government Grant & Business Rates

25% Council Tax

25% Savings and additional income

# Questions

