

Budget & spending

2022-23



Why are we here today?

- Local Authorities have a statutory duty to consult under the Best Value legislation on a range of issues including its financial plans
- Under Section 65 of the Local Government Finance Act 1992, the Council of the Isles of Scilly is required to consult with representatives of ratepayers on proposed expenditure for the coming financial year.

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 2022**
- Local government must set a balanced budget i.e. it must be 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 2021 the Council set a balanced budget for 2021-22 and a balanced MTFP for the wider period to 2024
- Unlike some Councils there were no “Savings yet to be identified” in years 2 and 3 of the plan
- This year we must set the budget for 2022-23 and an MTFP to 2025
- This encompasses updates to the existing plan with the latest assumptions and information we have and adding a new 3rd year

Budget and MTFP - context

Council has received a reasonable grant settlement from the government, but:

- Inflation is at its highest level for 40 years
- Impact of COVID has not gone away and long term implications not known
- Supply chain issues
- Energy prices increasing

Budget and MTFP - Proposal

The proposed budget delivers:

- No cuts to frontline services
- 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 vital transport links with the mainland
- Playing a part in facilitating solutions to housing problem
- Investment in Council Assets to ensure services are sustainable
- Protecting taxpayers from the impact of COVID on reduced collection of Council Tax in last 2 years

Budget and MTFP – Funding required

- But as mentioned earlier the Council is suffering significant inflationary pressure on costs 5%+
- It is not proposed to pass this all onto residents – the Council will need to absorb some of the inflation but cannot absorb it all
- Hence to deliver this proposed budget:
 - It is proposed Council Tax will need to increase by 2.99% - this is the maximum it can increase by but is well below the level of inflation (Scilly will still be one of lowest levels of Council Tax in the Country and there is no parish council additional precept)
 - Fees and charges will need to increase by 3.4% (Bank of England official published rate in November monetary statement)

Latest Forecast MTFP 2022-25

Resources

	2022-23	2023-24	2024-25
	£	£	£
Council Tax	1,784,869	1,893,921	1,950,739
Business Rates	1,700,579	1,734,590	1,769,282
Revenue Support Grant	1,937,102	1,975,844	2,015,361
Improved Better Care Fund	81,486	83,116	84,778
Social Care Grant	103,728	105,803	107,919
Market Sustainability & Fair cost of care fund	8,546	8,717	8,891
2022/23 Services Grant	105,089	107,191	109,335
Other Minor Grants	936	955	974
Collection Funds	(146,759)	(96,759)	0
Total Resources Available	5,575,575	5,813,377	6,047,278

Latest MTFP 2022-25 Revenue Budget

	2022-23	2023-24	2024-25
	£	£	£
Budget Carried Forward from Previous yr	5,361,406	5,757,334	5,945,136
Plus adjustment for dealing with Social care grant and Improved Better Care Fund as Corporate resource	152,195	0	0
Adjusted Budget	5,513,601	5,757,334	5,945,136
Previous Changes agreed			
Reduce Contingency	(16,227)	(19,666)	0
Less one-off Budgets for 2021-22 removed for 2022-23	(96,521)	0	0
Budget Pressures			
Inflation - Pay	158,303	109,102	80,000
Inflation Non Pay	185,707	114,411	85,000
Inflation Fees and Charges excl grants and Airport	(35,000)	(25,000)	(25,000)
NI Increase	50,000	0	0
Purchase of House	17,000	0	0
Capital Programme Additions (Financing Costs)	2,625	15,000	40,000
HealthWatch	9,000	0	0
Airport	188,000	0	0
SEN Placements (see funding below from DFE)	132,000		
New Savings			
Capital Programme Slippage -reduced capital financing	(110,000)	(20,000)	0
Better Care Fund not in base	(116,000)		
Additional Education Grant re SEN placements	(132,000)	0	0
Amend Contingency Budget	6,846	13,955	(62,858)
Net Budget before Reserve Movements	5,757,334	5,945,136	6,062,278
Reserve Movements			
Transfer from General Fund Reserve re Collection Fund Deficit	(146,759)	(96,759)	0
Other Reserve Transfers	(35,000)	(35,000)	(15,000)
Net Budget after Reserve Movements	5,575,575	5,813,377	6,047,278
Budget Shortfall/(Surplus)	(0)	0	0