Report 4: Medium Term Budget Plan 2023/24 to 2025/26

1. Purpose of Report

The purpose of this report is to seek approval of the Budget Plan for the next three years.

2. Recommendations

The Authority is recommended to:

a. Approve the Budget Plan for the three years 2023/24 to 2025/26 in Table 8;

b. Approve the Budget earmarked reserves and level of General Reserves detailed in section 7;

c. Note the key risks to the Budget Plan detailed in section 8; and

d. Approve the Operational Boundary and Authorised Borrowing limits as set out in section 9.

3. Implications

a. Financial: As outlined in the report, subsequent to our detailed budget planning, we have been made aware of an additional one-off funding supplementary grant from Defra during 2022/23 of £440,000. That is shown in the opening reserves temporarily while time is taken to consider the implications for this budget plan and the now postponed Business (Staffing) Review. Had that not been received this plan aimed to balance the budget annually, through a Business Staffing Review and increase the general reserve to £490,800 in 2025/26 to mitigate higher risk in this budget strategy, as discussed in section 8 of the report. This is what this plan continues to propose but with a higher general reserve temporarily. This additional funding is welcomed and gives the Authority more time to adjust to a reduced baseline budget and provide some headroom in the budget to invest in the Authority's new three year Business Plan. Given the formal confirmation of this funding was the 1st March we are not in a position to consider these at this Authority meeting and will bring an update in June 2023.

b. Equalities: None

c. Link to Business Plan: Financial performance and budget management are an integral part of resourcing all aspects of the Business Plan and of maintaining an organisation that is Tit for the Future (Aim 6 of the Business Plan).

4. Background

a. A rolling Medium-Term Budget Plan is presented to the Authority each March for formal approval.

b. This financial strategy considers the Authority's Business Plan for the same period, (Report 3 on this Agenda), which was developed following the adoption of the National Park Management Plan in October 2022 and a priority setting workshop with Members in November 2022

c. This budget is being set against a backdrop of significant inflation, especially in staff salaries and energy costs, and on the key assumption of a 'flat cash' Defra grant settlement for the first two years of the plan, which is stated as 'indicative' in the current Defra 3-year grant funding agreement. This has recently been confirmed for 2023/24. This represents a significant set of challenges which have driven the financial strategy.

d. The Finance and Audit Group have considered: a full review of The Sill Business Plan; the key budget assumptions and the medium-term financial strategy, to take the Authority forward in a number of key areas. The Group has endorsed for members approval a strategy which:

   1. Ensures a realistic, yet prudent approach to budget setting,
   2. Increases self-generate income and income generating opportunities to enable the Authority to maintain as much of its operational capacity and staff expertise as possible in a time of significant real term budget cuts.
   3. Continually challenges and monitors The Sill Business Plan to counter as far as possible the impacts of high inflation.
   4. Fundraises for priority projects as outlined in the Business Plan 2023/24 – 2025/26.
   5. Continues, despite challenging budget circumstances, to ensure we are building earmarked reserves to enable investment in maintaining and funding major repairs and other investments in our estate in the future.
   6. Implements the staffing implications of the Business Review early in the plan to provide headroom within the new business structure to enable a new projectised way of working and provides contingency for the risks outlined in this report.

5. Key Budget Assumptions

Defra National Park Grant

a. A 3-year grant funding agreement was signed in June 2022, which had an indicative settlement of flat cash for 2023/24 and 2024/25 to be confirmed annually. 2023/24 has now been confirmed. From 2025/26 we have assumed 2% in line with our general inflation assumption. This is discussed further under the risk section of the report.

b. As part of our confirmation of grant for 2023/24 received by email on the 24th February (after the Finance and Audit Group meeting) we have also been informed of one -off additional funding of £440,000 for 2022/23 (confirmed by Ministerial letter on 1 March 2023). This has been awarded to each English National Park Authority recognising the increasing costs of fulfilling statutory purposes. This is not included in Table 1 as it pertains to the 2022/23 financial year, however, it will be shown within our opening reserves assumption. Having only just been informed of this one-off supplementary grant there has not been sufficient time to consider the full implications. This funding will be fully recognised in 2022/23 as it must be spent in year but it will have the impact of releasing the equivalent value of earned income for the Authority to allocate to funding future year deficits, project match funding or investments.

Table 1, National Park Grant

	2023/24	2024/25	2025/26
National Park Grant	£2,672,900	£2,672,900	£2,726,400

Operating Staff and Related Costs

c. Salary and related costs are major component of our annual expenditure budget. The LGA pay offer for 2023/24 has been issued earlier than in prior years, assisting with our planning assumptions at least for year 1. This was received after the Finance and Audit Group met and has increased costs by an approximate range of £20,000 - £25,000 per annum over the 3 years, compared to our original planning assumption of 5%. The offer is an increase of £1,925 (pro rata) for Officers This fixed amount pay offer means there is a sliding scale in terms of the percentage increase for each spinal pay point with the lowest paid in receipt of a 9.42% increase and the highest a 3.88%. Chief Officers and Chief Executives have separate pay offers of 3.5%, this impacts the two Directors and the Chief Executive. This assumption has been updated in the budget for 2023/24. Staff inflation is assumed at 5% in 2024/25, recognising the continuing high inflation rates in the general economy, before returning to 2% in 2025/26, in line with the National Park Grant assumption.

d. The results of the triennial pension valuation have been received and have reduced employer contributions from 18.7% to 16.1% from April 2023, this is reflected in the budget and had a positive impact of circa £50,000, furthermore the government repealed the Health and Social Care Bill removing the additional 1.25% levy reducing costs by circa £16,000.

e. The Chief Executive has undertaken a Business Review to match the resource requirements in the Business Plan and how we want to work in the future within what is affordable. The Business Plan is being set for three years, thus aligning with the Medium-Term Budget Plan and recognising the period of significant change and uncertainty which currently exists in many areas of the Authority’s work environment. The target set below to reduce staff costs to balance the budget is achievable and over the three years. The detail of the Business Review had been scheduled to be presented to the Authority as a pink paper in March 2023, however, given the late confirmation of one-off supplementary Defra grant it has been agreed to delay this to June 2023 to reconsider the detail in light of the additional funding.

Table 2, Operating Staff & Related Costs (excluding Sill Business Plan & projects)

	2023/24	2024/25	2025/26
Operating Staff & Related Costs	(£2,444,800)	(£2,533,000)	(£2,571,000)
Staff Savings target	£62,400	£118,700	£163,700
Revised Staff & Related Costs	**(£2,382,400)**	**(£2,414,300)**	**(£2,407,300)**

Operating Expenditure

f. All budget holders have carefully considered their budgets and how we deliver our core work and taken savings where feasible. This has partially offset the increase in energy costs. Both are shown in the table below for members information.

Table 3, Operating Expenditure budget

	2023/24	2024/25	2025/26
Base Other Operating Costs	(£900,000)	(£925,800)	(£939,500)
Increase in energy costs	(£47,200)	(£79,600)	(£81,200)
Operational Budgets reduced	£43,800	£50,900	£51,600
Revised Operating costs	**(£903,400)**	**(£954,500)**	**(£969,100)**

Operating Income

g. Members will recall as part of the 2022/23 to 2024/25 Medium Term Budget Plan income generation was stretched in the budget plan to counter the impact of the extended flat cash settlement to 2024/25. Income generation was increased by £354,200 over that plan. This is forecast to largely achieve within the current financial year.

h. The plan has been revisited as part of this budget planning round and further income generating opportunities have been identified. The following table, an update based on the prior year's plan, sets out the additional net income generation deemed achievable within this budget plan period.

Table 4, Breakdown of additional net income generation included

	2023/24	2024/25	2025/26	Total
Green Items*				
Staff services	£15,000	£15,000	£15,000	£45,000
Great Northumberland Forest	£25,000	£25,000	-	£50,000
Farm Woodland Creation	£5,400	£20,000	£20,000	£45,400
Farm Business Support	£100,000	£105,000	£110,000	£315,000
Additional rental income	-	£20,000	£20,000	£40,000
TOTAL GREEN	**£145,400**	**£185,000**	**£165,000**	**£495,400**

	2023/24	2024/25	2025/26	Total
Amber Items **				
Car Park Tap and Donate and additional sites (reduce previous target)	(£7,500)	(£2,500)	(£2,500)	(£12,500)
Rights of Way Contribution	-	£52,000	£52,000	£104,000
TOTAL AMBER	**(£7,500)**	**£49,500**	**£49,500**	**£91,500**
Additional Income Generation Target for inclusion in budget plan	**£137,900**	**£234,500**	**£214,500**	**£586,900**

*Green Items are targets which are deemed achievable from advanced discussions with partners or build upon previously successful income generation streams.
**Amber Items are new sources of income which Leadership Team are confident can be achieved over the medium-term with little new investment.

i. **Detail behind each target follows:**

- **Staff services:** Is generated by recovering the cost of staff time, inclusive of overheads, on project or partnership working, wherever possible. We have a proven track record of over-achieving this target. A new income stream is undertaking Woodland Management Plans.
- **Great Northumberland Forest,** we have verbal confirmation Northumberland County Council will contribute £25,000 of Defra funding a year to our farming team resource to assist them in delivering woodland creation.
- **Farm Woodland Creation,** Hareshaw Linn, Walltown, Thirlwall and Cawfields woods will apply for Countryside Stewardship Schemes, these are 5-year capital and revenue schemes and will generate net revenue to us, more so when the capital element is completed.
- **Farm Business Support:** we are in advanced discussions with Northumberland County Council (Advance Northumberland) via the Rural Investment Plan to provide farm business support services to the whole of Northumberland. This will generate a net contribution to the costs of employing our farming team.
- **Rental income:** This target is based on rationalising and letting additional underutilised office space.
- **Car Park Income Tap and Donate and additional sites:** We will trial low-cost donation options at our non-charging car park sites (text to donate or QR code signage) and consider parking charges at other sites. This target was identified last year but has been reduced as this is yet untested. The ongoing target is £7,500.

- **Rights of Way Contribution –** we have approached Northumberland County Council, as the statutory Highways Authority, to seek a contribution to maintaining the over 900 km of rights of way in the national park. There is precedent for other highways authorities making contributions to other national park authorities for undertaking such work, as this forms part of the highways authority's duties. Our request has been for up to 50% of the costs of providing the service currently. Initial discussions have been positive, but we have not planned for any contribution in the first year of the budget plan.

Table 5, Operating Income Budget

	2023/24	2024/25	2025/26
Base Operating Income	£599,900	£632,800	£629,500
Additional Income Generation (Table 4)	£137,900	£234,500	£214,500
Total Operating Income	**£737,800**	**£867,300**	**£844,000**

Projects

j. The breakdown of the project budget is shown in Table 6.

Table 6, Projects

	2023/24	2024/25	2025/26
Hadrian's Wall National Trail	(£113,000)	(£113,000)	(£113,000)
Facilitation Fund	(£3,400)	(£3,400)	(£1,900)
Greenlee Countryside Stewardship	(£16,700)	(£7,200)	(£24,600)
Hadrian's Wall - Recovering Nature	(£171,600)	-	-
Farming in Protected Landscapes (FiPL)	(£323,400)	-	-
Northern Upland Chain Local Nature Partnership	(£17,500)	(£17,500)	(£17,500)
Sustainable Farming Incentive	(£500)	-	-
Total Projects Expenditure	**(£646,100)**	**(£141,100)**	**(£157,000)**
Hadrian's Wall National Trail	£128,000	£128,000	£128,000
Facilitation Fund	£17,000	£17,000	£8,500
Greenlee Countryside Stewardship	£30,300	£26,000	£24,600
Hadrian's Wall - Recovering Nature	£190,000	-	-
Farming in Protected Landscapes (FiPL)	£323,400	-	-
Northern Upland Chain Local Nature Partnership	£12,500	£12,500	£12,500
Sustainable Farming Incentive Training	£6,500	-	-
Total Projects Income	**£707,700**	**£183,500**	**£173,600**
Net Projects Income / (Expenditure)	**£61,600**	**£42,400**	**£16,600**

k. We have received notification FiPL will be extended by another year to March 2025, it is not yet included in the budget as the allocation has not been announced.

l. Greenlee Countryside Stewardship balances out to zero cost to the Authority over a number of years. In 2023/24 and 2024/25 a surplus budget is shown, this is paying back funds from 2022/23 where there was a budgeted deficit due to the capital costs over and above the capital funding. In 2025/26, beyond this payback period any surplus income will be ring-fenced to the property to meet ongoing liabilities and re-investment as required.

m. As part of ongoing budget reductions, it is proposed to remove the Communities Fund generating a saving of £20,000. This is not considered a priority or best value for use of a reduced staffing resource freeing up capacity within the teams as well as budget.

n. Other projects will carry forward from the current financial year, and there are currently projects in development which are expected to come on stream during the budget period and these will be added as funding is confirmed.

The Sill Business Plan

o. The Sill Business Plan has been reviewed in full and the assumptions made have been closely considered. The current high inflation especially in terms of staff and energy cannot be fully negated by increasing net income and as such there is an increase in the Authority's contribution to operating The Sill. However, it is important to note the key role the Sill plays in delivery of our second purpose and the strong and improving performance over the past two financial years as well as the benefit of ongoing experience has enabled the confidence in the team to stretch targets further.

p. The café has been operated in house since July 2020 and has seen some excellent results over the financial years 2020/21 – 2021/22, aided significantly by covid support measures, such as lower VAT on hospitality, Covid Business Grants, and nil business rates or business rates reductions.

q. With the increasing cost of staff and energy which are both out of our control and the cessation of the covid support measures, running a successful as well as profitable café offer in house is becoming more of a challenge. Business rates have been revalued across the board for the start of the next financial year and the rateable value of the café has increased by almost £10,000 meaning not only will 2023/24 see the Authority pay 100% of the rate bill for the first time since Covid but also a £5,000 increase in liability.

r. We informed members that before we took a decision on the future of the cafe we would undertake a market testing exercise to garner interest from third party franchisees to enable the comparison of options. We have recently undertaken this exercise and have one potential franchisee we are hoping to enter dialogue with. No provision is made in the budget for this as discussions are still at an early stage. We have instead decided to present the Sill Business Plan on the current (lower return) basis while we continue to explore the franchisee offer and undertake an options appraisal.

s. The Sill Business Plan as a whole has been discussed, challenged, and endorsed by the Leadership Team and the Finance and Audit Group.

t. Table 7 shows the business plan figures and breaks these down into the key areas.

Table 7, The Sill Business Plan

	2023/24	2024/25	2025/26
Target for number of Visitors	120,000	125,000	127,500
Retail Income	£266,100	£288,300	£299,000
Retail Expenditure	(£210,300)	(£225,600)	(£233,000)
Net Retail Income	**£55,800**	**£62,700**	**£66,000**
Café Income	£296,200	£320,100	£332,600
Café Expenditure	(£295,200)	(£320,700)	(£328,700)
Net Café Income	**£1,000**	**(£600)**	**£3,900**
YHA Income	**£55,700**	**£55,700**	**£55,700**
Car Parking Income	£46,300	£48,200	£49,200
Car Parking Expenditure	(£14,000)	(£14,500)	(£14,700)
Net Car Park Income	**£32,300**	**£33,700**	**£34,500**
Hires Income	£28,800	£29,500	£29,900
Hires Expenditure	(£9,000)	(£9,400)	(£9,800)
Net Hire Income	**£19,800**	**£20,100**	**£20,100**
General Sponsorship Income	**£11,000**	**£11,000**	**£11,000**
Staff and related costs	**(£126,100)**	**(£133,000)**	**(£135,900)**
Sill Operational Expenditure:			
- Annual Maintenance	(£33,800)	(£34,600)	(£35,000)
- Cyclical Maintenance Allowance*	(£30,000)	(£30,000)	(£30,000)
- Temporary Exhibitions	(£10,000)	(£10,000)	(£10,000)
- Utility Costs	(£144,800)	(£198,200)	(£202,100)
- Other Costs	(£73,900)	(£76,100)	(£77,300)
Sill Operational Recharge Income	£124,500	£153,500	£156,500
Net Operational Expenditure	**(£168,000)**	**(£195,400)**	**(£197,900)**
Total Income	£828.600	£906,300	£933,900
Total Expenditure	(£947,100)	(£1,052,100)	(£1,076,500)
Net Surplus/ (Deficit)	**(£118,500)**	**(£145,800)**	**(£142,600)**

Revenue Loan Repayments

u. The annual loan revenue repayments for all budgeted loans from revenue are shown in Table 8. The breakdown is as follows.

- £10,900pa is repayable over 10 years (last payment March 2026) to finance the Authority's approved save to invest capital expenditure at Housesteads car park.
- £57,100pa repayable on The Sill capital build loan to the Authority. This planned loan is repayable over 30 years (last payment June 2046).

6. Budget Summary

a. A summary of the annual net budget position, taking into account the various elements discussed is shown in Table 8.

Table 8 Annual budget surplus/ (deficit) summary

	2023/24	2024/25	2025/26
National Park Grant (Table 1)	£2,672,900	£2,672,900	£2,726,400
Staff Related Costs (Table 2)	(£2,382,400)	(£2,414,300)	(£2,407,300)
Operating Costs (Table 3)	(£903,400)	(£954,500)	(£969,100)
Operating Income (Table 5)	£737,800	£867,300	£844,000
Operating Surplus	**£124,900**	**£171,400**	**£194,000**
Projects (Table 6)	£61,600	£42,400	£16,600
Surplus after operating & projects	**£186,500**	**£213,800**	**£210,600**
The Sill Business Plan (Table 7)	(£118,500)	(£145,800)	(£142,600)
Revenue Repayment of Loans	(£68,000)	(£68,000)	(£68,000)
Total Budget Surplus/ (Deficit)	-	-	-

b. The budget has been fully balanced each year by adding in an achievable staff saving target from the Business Review which will require Authority approval at the June 2023 meeting as discussed earlier in this report.

c. The current 2022/23 to 2024/25 budget plan included deficit annual budgets in 2023/24 and 2024/25 totalling £154,300 to be funded from reserves to enable the development of the new business plan and emerging priorities and to provide space to influence Defra for additional funding and plan our response before taking any cost saving measures. By taking the resourcing decisions early in this proposed plan, general reserves can be increased creating a higher level of contingency as we move into a higher risk, higher income generation financial strategy.

7. Reserves

a. The Authority has a number of earmarked reserves, namely:

- ICT Capital Replacement Reserve A fund increasing by £10,000 per annum to be utilised for periodic replacement of ICT hardware and core systems. A significant replacement programme of server hardware concluded in 2021/22 and the reserve is being built up again for the next major replacements required.
- Planning Contingency is held to ensure there are funds for preparation and defence of any future major planning challenges and public inquiries.
- Legacy Reserve £5,100 legacy restrictive funds received and not yet allocated, for use for new project work relevant to the donor's interests or wishes.
- Exhibition Maintenance This reserve has been created to cover cyclical maintenance of the main exhibition and interpretation at The Sill. An annual amount is provided in the budget whereas the spend requirement will not accrue evenly. Any balance on the budget will transfer to this reserve at the year end to build up funds to cover future cyclical interpretive maintenance requirements.
- Sill Cyclical Maintenance This reserve has been created to cover cyclical maintenance at The Sill. An annual amount is provided in the budget whereas the spend requirement will not accrue evenly. Any balance on the budget will transfer to this reserve at the year end to build up funds to cover future cyclical maintenance requirements.
- Climate Change Allocation to fund individual actions from the first 3 years of the Authority's Climate Change Action Plan.
- Hadrian's Wall National Trail Capital works reserve This reserve is the accumulated surplus on the project which will be used for capital projects or match funding other funding sources.
- Northern Upland Chain Local Nature Partnership As the current administers of this partnership, we are collecting the contributions and distributing the funds to projects. This reserve holds the excess annual undistributed project funds until they are required.
- Major Repairs Reserve A fund increasing by £10,000 per annum to be utilised as and when required for major repairs across the whole of our property portfolio. Examples include the replacement of kitchen equipment at The Sill or the replacement of heating systems.

b. Table 9 shows the Budget movement on reserves and the impact of earmarked reserves on the general reserve.

Table 9, Budget General and Earmarked Reserves

£000's	2023/24	2024/25	2025/26
Opening Reserves	861.2	1,301.2	1,301.2
Surplus from 2022/23 (resulting from one-off Defra funding)	440.0	-	-
Budget Plan Surplus / (Deficit)	-	-	-
Closing Reserves	**1,301.2**	**1,301.2**	**1,301.2**
Earmarked Reserves:			
IT Capital Replacement Reserve	(20.0)	(30.0)	(40.0)
Planning Contingency	(75.0)	(75.0)	(75.0)
Legacy Reserve	(5.1)	(5.1)	(5.1)
Exhibition Maintenance	(5.1)	(5.1)	(5.1)
Sill Cyclical Maintenance	(29.9)	(29.9)	(29.9)
Climate Change	(26.0)	(26.0)	(26.0)
Hadrian's Wall National Trail Capital reserve	(92.9)	(92.9)	(92.9)
Northern Upland Chain Local Nature Partnership	(19.4)	(19.4)	(19.4)
Major Repairs Reserve	(57.0)	(67.0)	(77.0)
Total Earmarked Reserves	**(330.4)**	**(350.4)**	**(370.4)**
Total General Reserves	**970.8**	**950.8**	**930.8**

c. The overall aim of the reserves policy should be to ensure that the level of reserves should be sufficient (but not excessive) to meet any exceptional cost pressures, to mitigate financial risks and to provide future investment funding. It is the opinion of the Chief Finance Officer the plan should aim to deliver a minimum general reserve of £350,000 in a typical year. Due to the current high financial risks in this budget strategy as outlined in the following section, it was agreed a higher general reserve was desirable. At the time the Finance and Audit Group met, we had not been made aware of the one-off Defra funding and the General Reserve balance at the end of 2025/26 was £490,800 which everyone agreed was appropriate in the circumstances.

d. As a result of the one-off funding and the fact there has not been sufficient time to fully consider the impact and how it may affect the level of savings we require, this additional funding is simply showing in General Reserves as a temporary measure. This is not the level of General Reserve we will maintain over the medium-term.

8. Risks and Potential for Mitigation

a. There are 3 main areas of budget risk identified to manage and mitigate.

b. Risk 1, further increases to staff and related costs from higher than planned staff inflationary increases. This is not something we can influence, and we may not find out the final agreement until well into the budget period. This is by far the highest impact if the actual differs to our assumptions. Carrying higher general reserves will give reasonable contingency towards this risk until mitigating budget adjustments can be planned and taken.

c. Risk 2, higher than planned energy costs, the energy market as we come to renewal is difficult to predict. We have already increased budgets significantly but to mitigate this risk and will aims to manage costs through use and by comparing several suppliers as always when it comes to renewal. Higher general reserves give some cushion in the short term.

d. Risk 3, income generation targets are increasing even further, with staffing resources reducing. The highest figures within the plan are, however, within the green area as we are confident discussions are well enough advanced to be included. Increasing income generation has reduced the need to save costs elsewhere and if this income is not realised, we will need to look again at how we resource the work of the Authority.

e. Further ahead, there is always the risk Defra will maintain flat cash grant settlement in year 3 or even reduce the existing funding level. We will maintain regular and strong dialogue with Defra. We continue to be clear that continued real term cuts will risk an Authority of our size becoming unviable. We will continue to push for a fair funding formula and Defra have informed us they are initiating work on this ahead of the next comprehensive spending review.

f. Any or a combination of the above risks have the potential to knock this budget plan off course and it is therefore more important than ever that we hold general unallocated reserves at a level to allow us to respond.

9. Capital Budget, Operational Boundary and Authorised Borrowing Limit

a. Within the Budget Plan, no new capital projects are currently proposed which require funding from revenue or from loan finance.

b. As required by the Financial Regulations any capital investment proposals will be presented to the Authority for approval. This will include the financing proposal for the investment.

c. There are no plans for any long-term capital borrowing contained in the Budget, but the Authority may want the flexibility to do so, particularly if financial plans change. It is recommended that the Operational Boundary borrowing limit (which represents possible borrowing) is maintained at £1,500,000. The projected balance of actual external debt on the balance sheet at 31st March 2023 is £1,047,400. The balance of £452,600 will give the Authority a degree of flexibility for new capital projects and allows for any capital proposals arising for the Authority's estate. Any proposals to borrow funds or enter into any loan agreements will require Authority approval in advance.

d. It is recommended that the Authorised Borrowing Limit (the maximum borrowing limit) is maintained to £2,000,000, this allows a degree of flexibility. Once again, any proposals to borrow funds would be put before the Authority for approval.

e. The Authority is asked to approve the limits set out below for each of the years, 2023/24, 2024/25 and 2025/26. The Operational Boundary and Authorised Limits are reviewed annually so the impact of any financial changes can be considered at that time.

f. Actual External Debt at the projected balance sheet date of 31st March 2023 is:

Borrowing	£1,047,400
Other long-term liabilities	£0
Total Actual External Debt	£1,047,400

g. Operational Boundary, which represents external debt (if option to borrow is taken) during the course of the year be set as:

Borrowing	£1,500,000
Other long-term liabilities	£0
Total Operational Boundary	£1,500,000

h. Authorised Limit (the limit beyond which borrowing is prohibited allowing a margin of flexibility) set as:

Borrowing	£2,000,000
Other long-term liabilities	£0
Total Authorised Limit	£2,000,000

10. <u>Conclusion</u>

a. This budget has been challenging for the Authority, despite significantly increasing our ongoing income generation targets and opportunities, the impact of high inflation particularly in staff costs and energy required further savings to be made to balance the budget.

b. These savings were planned to be delivered from a Business Review, which considered how the new Business Plan running for the same period could be best delivered by the staffing we have in place both in terms of structure and the posts employed, at the same time as reducing staffing costs.

c. The additional funding from Defra is very welcome but it must be stressed it is one off, ongoing savings will still be required, as is change to enable the Authority to work most effectively in future.

d. The late announcement of the funding means we have not had time to fully consider proposals for the use of this funding ahead of issuing this budget plan for approval. This budget will need to be revisited in June when the Business Review is presented to the Authority for consideration. In the meantime, members are asked to approve this budget which shows the shortfall needed to balance the budget being generated through staff savings via the Business Review and the surplus generated from the one off additional funding temporarily added to reserves. There is scope for some movement between the two and an update will be brought to the June 2023 Authority meeting.

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