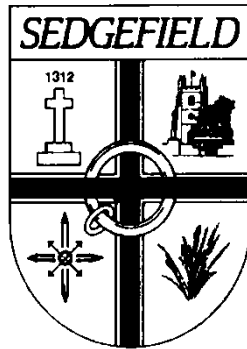


# Sedgefield Town Council



## MEDIUM TERM FINANCIAL PLAN

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# SEDGEFIELD TOWN COUNCIL MEDIUM TERM FINANCIAL PLAN

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## **INTRODUCTION:**

This Medium Term Financial Plan was adopted by the Town Council's Policy & Resources Committee on 16<sup>th</sup> January 2023 and will be reviewed on an on-going basis by the Council's Finance Working Group and re-presented to the P&R Committee annually.

### **1. Purpose of Medium Term Financial Plan:**

The purpose of this Medium Term Financial Plan helps to stabilise the Council's finances by putting in place a more strategic approach to the planning of the Council's spending. It also helps to ensure that there is a clear link between the Council's strategic priorities (see page 22) and the resources that are likely to be available to help fund the delivery and achievement of those over the next three years. In developing the Medium Term Financial Plan it is important to establish the key financial principles on which the Plan will be based, and to put in place a financial planning framework to provide the guidelines for the annual budget setting process.

The objectives of this Plan are as follows:

- To ensure a strategic approach is taken in the planning of the Council's future spending and finances;
- To put in place a clear, understandable and forward looking financial planning framework;
- To ensure the Council regularly reassesses and reviews the cost of its services;
- To help demonstrate and continue to achieve value for money in the use of public resources;
- To enable the Council to allocate resources to achieve the corporate strategic objectives;
- To enable the Council to understand its key financial pressures and likely long term implications of its decisions;
- To identify future financial impacts of both policy decisions and external factors so that risks can be managed;
- To control precept rises and look for external funding, where appropriate;

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- To develop an Asset Management Plan to ensure good use is made of assets and facilities;
- To maintain the Council’s reserves at a prudent level.

**2. Timescale of Medium Term Financial Plan:**

Strategic financial planning is of particular importance in the current economic climate. The Medium Term Financial Plan sets out the national and local financial climate within which the Town Council will be working over the next 3 years and highlights the key financial challenges that it faces as well as the strategic priorities that it will be striving to deliver. The timescale for this Medium Term Financial Plan is 2022/23 – 2024/25 and will be a rolling three year plan.

**3. Financial Principles:**

The Medium Term Financial Plan will be based on the over-riding principle of Value For Money. This will be achieved by regularly reviewing services and monitoring performance to ensure that services continue to be relevant, well managed and cost effective, regularly testing the market, internal and external audit, and ensuring that all staff are aware of and committed to achieving value for money. The Council is also committed to achieving internal efficiency savings and will continue to work hard to keep future council tax increases to a minimum. In order to ensure this, the following set of financial principles will be put in place for the period of this Medium Term Financial Plan:

- A strong financial strategy enabling the Council to take a long-term view of its finances, achieving greater stability and enhancing its ability to be proactive and have the capacity to take advantage of any opportunities and meet any challenges that may arise.
- A level of affordable and sustainable spending in the long-term which supports the effective delivery of services in line with strategic priorities.

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- A prudent, realistic assessment of future revenue spending commitments, capital investment requirements, levels of income, tax base and availability of external grant funding.
- A strong culture of financial management where continuous improvement and a drive for more economic, efficient and effective ways of working and use of resources is adopted.
- A prudent level of reserves that protects the Council against unforeseen budget pressures, provides the resources to finance capital investment commitments and enables the Council to be proactive and take advantage of any opportunities that may arise (See Appendix A – Investment Policy).
- An effective and responsive finance service, which provides sound financial information to Councillors and Officers.

In order to meet these principles the Council's Financial Reporting Framework is as follows:

- Headline income and expenditure budgets for the current financial year will be produced and presented to Councillors in each Policy & Resources Committee meeting along with a monthly payments for approval list, a debtors list and monthly bank reconciliations and details of all direct debit and bacs payments ;
- Detailed income and expenditure budgets for the current financial year will be scrutinised monthly by the Finance Working Group.

The following Financial Planning Framework is also in operation within the Council:

- Income and expenditure budgets will be produced annually.
- Income and expenditure budgets will be developed in accordance with the principles and assumptions set out in the Medium Term Financial Plan.
- VAT will be reclaimed on a 6 monthly basis (October and April).
- In allocating resources, priority will be given to those areas of spending that contribute to the achievement of strategic priorities.
- Budgets will be prepared on the basis of a commitment to efficiency savings.
- Budget resources will be redirected from low priority to high priority areas as and when necessary.

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- The Council will, on a continuous basis, monitor the national and local context within which it operates in order to anticipate external issues which could impact upon finances so that appropriate pre-planning can take place in as many instances as possible.
- Additional budget to meet new statutory requirements and unavoidable budget growth, e.g. inflation and changes in demand will be clearly identified and fully evidenced.
- All other requests for additional budget resources and investment in services will need to be fully justified and evidenced.
- The financial implications of the recommendations from any Council Committee will be incorporated into the budgets.
- Council reserves will be maintained at prudent levels that protect the Council against unforeseen budget pressures and liabilities and provide the resources to finance future year's capital investment commitments as set out in the Council's Investment Policy (see Appendix A).

All financial activity undertaken by the Town Council must be in accordance with its Financial Regulations.

#### **4. National Context – Financial Implications:**

The development of the Council's Medium Term Financial Plan must take place within the context of the national economic, political and legislative situation. This section outlines in more detail the main national issues that are likely to affect the Town Council over the next three years and that will need to be taken into account in this Medium Term Financial Plan.

- Current Economic Climate: The country's economy remains fragile and the implications of Brexit and the COVID pandemic recovery are yet to be understood. Inflation continues to run above Government targets, interest rates remain at a record low, utilities costs are increasing, consumer spending power is much reduced and unemployment, particularly in the North East, is high. Pressures are particularly acute this year.

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- Government Spending Reviews and Public Sector Cuts: public sector borrowing and the national deficit remain high and Central Government is continuing to implement its deficit reduction plan to facilitate the reduction of the deficit and the recovery of the economy. This has included a combination of significant public sector expenditure cuts, reform of local government finance, tax rises and welfare reforms. Whilst the Town Council has, up to now, been relatively sheltered from the public sector spending cuts, the Government Spending Reviews have had a significant impact on Durham County Council. It is possible that there will be implications for the Town Council as a result of the difficulties faced by Durham County Council.
- Localisation of Support for Council Tax / Council Tax Base: The Welfare Reform Act 2012 abolished the national council tax benefits system with effect from 1<sup>st</sup> April 2013, paving the way for the implementation of the new Local Council Tax Reduction Scheme (LCTRS) by council tax billing authorities. Previously council tax benefits were administered centrally by the government and paid to principal councils via a subsidy system. However, the new LCTRS schemes are based around a discount on the council tax bill rather than a cash payment and this has therefore had the impact of reducing the Council Tax Base and therefore the tax raising capacity of all local authorities including Town Councils. The Government provided funding for LCTRS but this was set at 90% of the total cost of council tax benefits, with billing authorities expected to fund the shortfall through the design of their local schemes, for example by reducing entitlements for working age claimants, making changes to council tax exemptions and discounts, or by making savings elsewhere in their budgets. A proportion of the LCTRS funding was specifically set aside for Town and Parish Councils and there is an 'expectation' that billing authorities pass this funding on. With effect from 2013/14 Durham County Council have withdrawn the double taxation grant payable to Town and Parish Councils. This has left many Councils facing the prospect of increasing the council tax in order to achieve a stand still budget. With effect from 2014/15 the LCTRS funding was no longer identified as a specific grant by the Government and is now included in Durham County Council's overall funding assessment. This meant that the LCTSS funding would be linked to the reductions made to local government funding in Government Spending Reviews. Durham County Council has so far continued to pledge to pay LCTRS to Town and Parish Councils in County Durham, however, Sedgefield Town Council stopped receiving this in 2020/21.
- Referendums to Veto Excessive Council Tax Increases: Central Government introduced legislation within the Localism Act 2011 to provide a stronger role

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for the local community in determining annual council tax increases by giving local tax payers the power to require local authorities to hold referendums giving them the opportunity to veto ‘excessive’ increases in council tax. These powers replaced the council tax capping powers and came into effect from 2012/13. The 2022/23 limit set by the Government was 5%. Currently this legislation does not apply to Town and Parish Councils although the Government has stated that it may be applied in future years, if restraint is not shown by the sector. It has been assumed for the purposes of this Medium Term Financial Plan that these powers will not be applied, and that the Town Council will be free to set an annual increase in the precept and council tax, as may be required to fund its spending commitments. However, there would be implications for the Council in future years if this legislation was extended to Town and Parish Councils.

- Localism Act 2011: The Localism Act came into force in 2011 and contained a package of reforms, closely linked to the ‘Big Society’ concept, to devolve greater powers, responsibilities and freedoms to local councils, community organisations, neighbourhoods and individuals. The four main measures of the Localism Act are:
  1. New freedoms and flexibilities for local government
  2. New rights and powers for communities and individuals
  3. Reform to make the planning system more effective and
  4. Reform to ensure that decisions about housing are taken locally

The key measure for local councils is the freedom to act in the interest of local communities through a new ‘General Power of Competence’. This power gives local authorities the legal capacity to do anything that an individual can do, rather than relying on specific powers. This power applies as long as the action is not specifically prohibited by legislation. However, it is important to note that the power does not raise money. Sedgefield Town Council re-adopted this power at its AGM on 17<sup>th</sup> May 2021. This should now increase the Town Council’s ability in future years to be creative and innovative in meeting the needs of the local community should the operational capacity and resources be available to do so. The Localism Act 2011 also introduced greater powers for local people and community organisations to hold the Council to account including:

1. A right to challenge to take over services
2. A right to bid for assets of community value
3. A right to veto excessive council tax increases

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4. Increased transparency over public sector data

**5. Local Context – Financial Implications:**

As well as taking into account national issues, it is also important the Town Council's Medium Term Financial planning process takes into account local issues specifically relevant to the Parish of Sedgefield as follows.

- The Town Council may receive requests to give financial support to community and voluntary organisations whose funding has been reduced or cut altogether by Durham County Council;
- Requests may be received from Durham County Council for Sedgefield Town Council to consider taking on devolved services or to undertake further joint working initiative either of which would have financial implications;
- There may also be occasions where the Town Council may wish to step in to safeguard local services and facilities at risk of being cut or ceased by Durham County Council.
- The Town Council needs to be mindful of the impact and implications upon its finances from double taxation whereby residents are effectively paying twice over for particular public services as they can be managed and delivered by either local Town Council or by the principal local authority. Typically double taxation comes about in relation to the most locally delivered services such as maintaining play areas, footpaths, cemeteries etc.
- The number of dwellings in Sedgefield has increased considerably over the last 5 years with more dwellings yet to be built on development already granted planning permission. These will lead to an increase in demand for Town Council services.
- The recovery from the Covid pandemic is going to take time as everyone learns to live with the virus and make adaptations to daily life to do so. There will be considerable implications at national, regional and local level which the Town Council must monitor, act upon and adapt accordingly. These implications will have impact upon the Town Council's finances and the Finance Working Group will have a key role to play in this monitoring and scrutiny work.
- The Town Council must continuously monitor Durham County Council's changing financial position as decisions made by them could impact

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significantly upon the Town Council’s financial position and ability to deliver its services.

## **6. Key Financial Assumptions:**

Summarised in this section of the Plan are the specific assumptions that have been made in planning the Council’s Income and Expenditure budget forecast over the 3 year period 2022/23 – 2024/25.

### **6.1. Income – Financial Assumptions:**

- Parish Hall Income – Historically the income budgets for the Parish Hall have been based around its traditional usage levels. This means that while no assumption has been made of any material increase in usage, it has also been assumed that there will be no fall from existing usage. The COVID pandemic of 2020/21 and its repercussions in both national and local lockdowns were unprecedented. To off-set this loss of income the Town Council successfully applied for central government grant aid funding. It is recognised that the on-going impact from the pandemic will be long-felt and while a decision was made in 2021/22 to freeze Parish Hall hire fees to try to help users get back on their feet, an increase was made in 2022/23. The Hall has returned to its previous usage levels and whilst it has lost several regular user groups it has also attracted new groups and users. The Town Council has undertaken greater marketing of the Hall to raise its profile. While usage is back to its pre-covid usage the Hall’s running costs are escalating and the Town Council’s income and expenditure budget for 2022/23 has needed to reflect this fact and careful monitoring will be required when setting future budgets.
- Ceddesfeld Hall Rental Income – The rental income for Ceddesfeld Hall is received annually from the SCA. A new lease for Ceddesfeld Hall has now been agreed. The next rent review had been due in 2020, however, the impact of the COVID pandemic stopped this. It has subsequently been agreed to fix the level of rent to be charged for Ceddesfeld Hall at £3060 per annum with the next rent review to take place on 1<sup>st</sup> April 2023 by reference to the Retail Price Index (RPI). For the purpose of this Plan the rental income for Ceddesfeld Hall will remain as currently charged.

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- Cemetery Lodge Rental Income – The Town Council has agreed to sell Cemetery Lodge once it has been able to isolate the property from the operational role of Butterwick Road Cemetery, i.e. when a new access has been identified and created. Until this point in time the Lodge is rented out on a short-term let overseen by a local Estate Agent who advise the Town Council on the most appropriate rental income per month based upon the current market rate. For the purpose of this Plan it is envisaged that rental income for Cemetery Lodge will continue as currently charged whilst acknowledging that the property can be vacant at any time meaning the Town Council then incur additional costs. In 2021/22 the property became vacant so this time was used as an opportunity to undertake some refurbishment. At the time of writing this Plan the Lodge now has another tenant in it. Any future refurbishment work during the course of this Medium Term Financial Plan would necessitate further reserves transfers.
- Allotments Income – The Town Council manages its allotments very carefully and when appropriate explores splitting large plots into two smaller plots for ease of maintenance by plot holders. Allotment charges were increased in 2022/23 with new charges coming into force on 1<sup>st</sup> April 2022. For the purpose of this Plan it is envisaged that rental income from Allotments will continue with an annual increase of 4% reflecting rising inflation.
- Cemeteries Income – A 4% annual increase has been assumed in cemeteries charges, while the number of interments has been assumed to be in-line with existing levels. Due to decreasing capacity within the existing Cemetery, and until the Council’s planned Cemetery expansion project is completed, the Town Council has changed its rules to not permit pre-purchasing of grave spaces. Whilst this will assist with capacity it does have an implication upon income.
- Annual Precept Increase – The budget forecast has been prepared on the principle of keeping the required increase in the precept as low as possible over the period of the Medium Term Financial Plan.
- Council Reserves – In accordance with Section 25 of the Local Government Act 2003, an annual assessment of the adequacy of the Council’s balances and reserves is made at the time the Council Budget is set. This assessment

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is based upon a guidance note on Local Authority Reserves and Balances issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is considered best practice with regard to balances and reserves (LAAP Bulletin 77). The guidance states that no case has yet been made to set a generally applicable minimum level of reserves and that local authorities, on the advice of their Responsible Financial Officer, should make their own judgements taking into account all of the relevant local circumstances. In assessing an appropriate level of balances, a well-managed authority should ensure not only that reserves are adequate, but also that they are necessary. Reserves should not be held without a clear purpose. A Council with a prudent approach to setting its budget should be able to operate with a level of general balances appropriate for the risks to which it is exposed, supported by earmarked reserves which are set aside for specific needs and commitments. In coming to a view on the adequacy of the Town Council's balances and reserves, account therefore needs to be taken of the risks facing the Council in terms of any significant unforeseen spending commitments and possible cuts to funding, as well as the capital investment requirements of the Council over the medium term, taking into account the ability of the Council to secure capital contributions, undertake additional borrowing or generate capital receipts.

- Investments - The Council invests its surplus reserves either in a higher interest bank account or, on a fixed term basis, in a bank treasury deposit investment as well as a Public Sector Deposit Fund administered by CCLA. The type of investment chosen depends on the rates of interest available at the time the investment is made. Please refer to the Council's Investment Policy in Appendix A.

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## 6.2. Expenditure – Financial Assumptions:

- Providing for inflation - in order to ensure the future budget reflects future spending commitments, it is essential the Council makes prudent provision for all unavoidable increases in costs that will arise from inflationary pressures. Indeed, inflation has become a significant pressure on expenditure budgets over the last 12 months, particularly in relation to utilities and fuel costs, with no indication of when this will be under control. A key principle of the Council's medium term financial planning is to make provision only for essential inflationary increases in budgets, i.e. where there is a contractual obligation to pay the increased cost or where the increase cannot be avoided. The Town Council has an SLA for Energy Management with Durham County Council whereby, when existing contracts expire, new utilities contracts can be entered into through the SLA. Whilst this has seen significant savings compared to its former contracts the Town Council is still being advised to plan its 2023/24 budget based upon a 116% increase in electricity costs and a 218% increase in gas costs. Budget provision for general expenditure such as equipment, stationery, training, publicity has therefore been set at a standstill budget basis. The Town Council continues to shop around, ensure better use of resources and achieve value for money wherever possible albeit this is becoming harder due to rising inflationary pressures.
- Annual Pay Awards - a significant proportion of the Council's gross expenditure relates to Officer pay costs and therefore annual Officer pay awards over the medium term are potentially a significant inflationary pressure on the Council's expenditure budget moving forward. The Pay Award for those staff on NJC Terms and Conditions in 2022/23 was a flat rate amount of £1925 (pro rata) but the pay award for 2023/24 onwards is yet unknown and will impact upon the Council's budgeting. These matters will be overseen by the Personnel Committee in close liaison with the Finance Working Group.
- Pension Costs - Pension costs in respect of Council Officers are another significant area of expenditure. Employers' contribution rates are unlikely to increase given the Government's intention to reduce the cost to local taxpayers. It has therefore been assumed for the purposes of this plan that the employer's pension contributions will remain unchanged. It is also important to note the requirement of the Council to now auto enrol employees into the Local

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Government Pension Scheme. The Local Government Pension Scheme (LGPS) is the default scheme for local government staff and for the purposes of this Plan it has been assumed that all eligible staff will be automatically enrolled into the LGPS and that they will remain in the scheme rather than opt out. At this time all Town Council staff are members of the Local Government Pension Scheme.

- Changes in Staffing Structure - The Town Council’s staffing structure has been reviewed over recent years and there remain several areas still under view with this work being led by the Personnel Committee. The Council has entered in to an HR Service Level Agreement with Durham County Council to ensure that employment law requirements are complied with correctly.
- Premises Costs – There have been some increases to the Council’s premises costs in recent years, although wherever possible the Council has actively worked to minimise these increases, for example, entering into a Service Level Agreement with Durham County Council to benefit from reduced utilities bills and by refurbishing the Town Council Offices to incorporate more efficient heating system and double glazing. Budget provision has been made for rising utility costs.
- Insurance costs – In 2021/22 the Council entered into a new five year insurance agreement.
- Vehicle costs - An annual increase of 7.5% has been assumed for fuel costs to provide for continued volatility in the oil price market, possible increases in fuel duty and the continuing upward trend in prices. A similar increase is assumed for maintenance costs as a result of the condition of the council’s vehicle and machinery stock.
- Supplies and services budgets - the majority of supplies and services budgets have been frozen at existing levels with the expectation that a standstill budget can be achieved and increases are absorbed. This approach encourages better use of resources and helps the Council to achieve value for money. Examples include equipment, stationery, PPE, training, publicity etc. An annual increase of 6% per annum has been assumed over the life of the Medium Term Financial Plan for any supplies and services where there is a contractual

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obligation to pay for the increased cost or where the increase cannot be avoided. Examples include postage and equipment rentals.

- Members allowances – There are currently no plans to increase Members’ Allowances and it has therefore been assumed that they will be frozen at the existing level over the three year period of this plan. Any significant increase in Members’ Allowances arising from any such review should need to be provided for within the budget or over and above this from efficiency savings or a precept increase. This matter would be overseen by the Finance Working Group.
- Council Elections – Town Council elections took place in May 2021 but no charge was made by Durham County Council as the election was uncontested. The next local Council elections are due in May 2025. If an election is needed before this then such will be funded from reserves.
- Outstanding Loans/Borrowings - The total amount of loans outstanding to the Public Works Loans Board at 31<sup>st</sup> March 2022 was £8341 and relates to one loan taken out in 2008 for a total of £93,000 to fund the refurbishment of the Parish Hall. Assuming no rescheduling of this outstanding debt, this outstanding loan will be fully repaid on 9<sup>th</sup> January 2023. It is possible that during the course of this Medium Term Financial Plan that new borrowing could be sought for the expansion of Butterwick Road Cemetery.

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## **7. Key Financial Challenges Facing Sedgefield Town Council:**

It is important to understand the financial challenges facing the Town Council in order the Council can achieve its aim of, as far as possible, maintaining existing levels of service and staffing structures and keep future council tax increases as low as possible, over the life of the Medium Term Financial Plan.

- Upwards inflationary pressure on core costs such as salaries, utilities, fuel etc
- The need to continue to invest in physical assets and personnel;
- Creating an organisation that is fit for purpose to meet future economic, social and environmental needs;
- The heavy reliance upon the precept to fund the services it provides and is limited in its ability to raise additional funds, for example, Parish Hall hire fees could be raised but there are now a number of alternative venue providers within the Town and this must be considered when reviewing the said fees as well;
- Minimising future precept increases;
- Funding any new statutory requirements and planned investment in existing services or new initiatives;
- Working within resources available to spend and deciding how the Council's spending will be prioritised;
- Providing for future capital investment commitments;
- Maintaining a prudent level of reserves;
- Developing an Asset Management Plan.

## **8. Key Financial Opportunities Available To The Town Council:**

Whilst the financial situation facing all Town and Parish Councils is currently problematic it is important to acknowledge that there are opportunities which are available for Sedgefield Town Council to potentially maximise from as follows:

- To deliver a robust and sustainable Medium Term Financial Plan that ensures and underpins the Town Council's future and delivers the strategic priorities set by the Council for the term of office 2021/22 to 2024/25;
- Maximise all opportunities for income generation through the use of the council's assets, property or otherwise to maintain and support service delivery;

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- Ensure the Town Council's aspirations in every respect are efficient, business focussed, innovative and targeted on ensuring the long term effectiveness of the organisation for the benefits of the residents, current and future of Sedgefield;
- Maximise external funding opportunities in all areas;
- Maximise the benefits of partnership working;
- Review income from chargeable services;
- Maximise service efficiency to keep costs down;
- Maximise letting income for the Parish Hall;
- Comprehensive safeguarding arrangements are in place to protect the Town Council from fraud and corruption (see the Council's Confidential Reporting Code);
- Taking due cogence of the possibility of a cap on the precept.

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## 9. Previous and Predicted Budgets:

The Town Council's ACTUAL income and expenditure budgets for 2020/21 and 2021/22 are detailed below for information:

<b>INCOME: 2020/21</b>	<b>2020/21</b>	<b>INCOME: 2021/22:</b>	<b>2021/22:</b>
Precept	313996.64	Precept	339797.00
LCTRS Grant	0.00	LCTRS Grant	0.00
Parish Hall Hire	18875.11	Parish Hall Hire	20968.91
Bank Interest	448.60	Bank Interest	73.55
Ceddesfeld Hall Rent	3080.00	Ceddesfeld Hall Rent	3060.00
Cemetery Lodge Rent	6562.16	Cemetery Lodge Rent	3799.21
Other Income	0.00	Other Income	229.46
Village Greens	70.00	Village Greens	110.00
Open Spaces	1629.85	Open Spaces	1308.91
Dog Bags	513.00	Dog Bags	1080.00
Cemetery	6731.00	Cemetery	4891.87
Allotments	1887.00	Allotments	1889.00
Community Services	144.00	Community Services	328.65
Gazebos	0.00	Gazebos	0.00
Events	25.00	Events	7612.95
Mayor's Charity	0.00	Mayor's Charity	0.00
Sedgefield 700+	0.00	Sedgefield 700+	0.00

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Sedgefield In Bloom	0.00	Sedgefield In Bloom	0.00
Sowers & Growers	100.00	Sowers & Growers	0.00
Mayor's Allowance	0.00	Mayor's Allowance	0.00
VAT Refund	7487.93	VAT Refund	18203.94
Portacabin Electricity Refund	0.00	Portacabin Refund	0.00
Youth Club	1598.31	Youth Club	0.00
Reserves Transfer	0.00	Reserves Transfer – Cemetery Lodge Refurbishment	10000.00
		Reserves Transfer – Festive Lighting Refurbishment	18098.00
<b>TOTAL INCOME 2020/21:</b>	<b>363148.60</b>	<b>TOTAL INCOME 2021/22:</b>	<b>431451.45</b>
Less reserves transfer:	N/A	Less reserves transfer:	28098.00
			<b>403353.45</b>

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<b>EXPENDITURE 2020/21:</b>	<b>2020/21:</b>	<b>EXPENDITURE 2021/22:</b>	<b>2021/22:</b>
Staffing	193157.10	Staffing	188308.38
General Admin	8167.52	General Admin	9075.54
Charges	16491.86	Charges	16914.98
Loan Repayments	8628.02	Loan Repayments	8628.02
Donations	650.00	Donations	1380.00
Members	2661.98	Members	3013.72
Civic Hospitality	5.99	Civic Hospitality	76.51
Parish Hall	10871.37	Parish Hall	15733.16
Council Offices	6884.89	Council Offices	7188.20
Cemetery Lodge	1464.79	Cemetery Lodge	2363.68
Open Spaces	15841.66	Open Spaces	26712.61
Cemetery	15833.67	Cemetery	15575.17
Allotments	1870.51	Allotments	392.51
Capital	253.50	Capital	0.00
Dog Bags	855.84	Dog Bags	866.20
Events	475.39	Events	5492.47
Public Information	2592.00	Public Information	2202.00
Play Areas	128.40	Play Areas	6889.25

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Christmas Lights	2186.28	Christmas Lights	18027.14
Mayor's Charity	6290.00	Mayor's Charity	11979.60
Terrace Hill	0.00	Terrace Hill	0.00
Sedgefield Plan	0.00	Sedgefield Plan	0.00
Ceddesfeld Hall Grounds	20.00	Ceddesfeld Hall Grounds	135.00
Youth	0.00	Youth	1440.50
Parish Hall Refurbishment	0.00	Parish Hall Refurbishment	0.00
Sowers & Growers	0.00	Sowers & Growers	0.00
Street Lighting	816.00	Street Lighting	0.00
Council Offices Refurbishment	20882.99	Council Offices Refurbishment	4312.67
Cemetery Lodge Refurbishment	0.00	Cemetery Lodge Refurbishment	10390.00
<b>TOTAL EXPENDITURE: 2020/21:</b>	<b>317029.76</b>	<b>TOTAL EXPENDITURE: 2021/22:</b>	<b>357097.31</b>

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The following FORECAST three year budget is based upon the following Council priorities which were set following the last Council election:

2021/22	1. Finalisation of Town Council Office Refurbishment and development of new area of Butterwick Road Cemetery
2022/23 to 2024/25	<ol style="list-style-type: none"> <li>1. Progress through liaison with appropriate organisations the Town's infrastructure including visible policing; sustainable transport; highways enhancements; traffic review and road safety; educational places; library provision; sports facilities and access to health services;</li> <li>2. Operating Town Council owned open spaces including facilities review, trees, footpaths and village greens management (incorporating Village Green Policy which includes links to businesses and residents which border such);</li> <li>3. Expansion of Butterwick Road Cemetery;</li> <li>4. Review of public toilets provision;</li> <li>5. Review of community events.</li> </ol>

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### Three Year Budget Model

Expenditure	Approved Budget 2022/23: (£)	Estimated Budget 2023/24 (£)	Assumed Inflater	Estimated Budget 2024/25
Staffing	230000.00	261744.26	5% per annum	274831.47
General Admin	12000.00	14200.00	4% per annum	14768.00
Charges	19000.00	23000.00	4% per annum	23920.00
Loan Repayments <sup>1</sup>	8628.02	0.00	Fixed schedule	0.00
Donations	1000.00	1500.00	3% per annum	1545.00
Members	5332.53	5332.53	Fixed rate	5332.53
Civic Hospitality	300.00	450.00	3% per annum	463.50
Parish Hall	18000.00	25500.00	6% per annum	27030.00
Council Offices	14000.00	19200.30	6% per annum	20352.00

<sup>1</sup> This loan will be repaid in 2022/23.

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Capital	2500.00	3500.00	4% per annum	3640.00
Cemetery Lodge	2000.00	3000.00	4% per annum	3120.00
Contingency	4200.00	5000.00	4% per annum	5200.00
Open Spaces	38918.05	43000.00	4% per annum (with 7.5% for fuel)	44720.00
Cemetery <sup>2</sup>	29000.00	30000.00	4% per annum	31200.00
Allotments	800.00	1000.00	4% per annum	1040.00
Street Lighting	500.00	750.00	4% per annum	780.00
Ceddesfeld Hall Grounds	3500.00	3700.00	4% per annum	3848.00
Dog Bags	1000.00	1400.00	2% per annum	1428.00
The Sedgefield Plan	0.00	0.00	-	0.00
Youth	6000.00	6200.00	4% per annum	6648.00

<sup>2</sup> This will be influenced by the determination of the Town Council's planning application to expand Butterwick Road Cemetery.

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Events	4200.00	4600.00	4% per annum	4784.00
Public Information	2600.00	3000.00	4% per annum	3120.00
Play Areas	2500.00	3000.00	4% per annum	3120.00
Christmas Lights	3500.00	3000.00	5% per annum	3150.00
Council Offices Refurbishment	0.00	0.00	-	0.00
Cemetery Lodge Refurbishment	2000.00	0.00	-	0.00
<b>TOTAL EXPENDITURE</b>	<b>411478.60</b>	<b>462077.09</b>	<b>-</b>	<b>484040.50</b>

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Income	Approved Budget 2022/23 (£)	Estimated Budget 2023/24 (£)	Assumed Inflator	Estimated Budget 2024/25 (£)	Risk Rating
Precept	378070.64	418586.39	6%	447709.12	
Parish Hall Hire	6000.00	12000.00	4%	12480.00	Medium
Bank Interest	300.00	400.00	0%	400.00	Medium
VAT Refund	13397.96	12000.00	2%	12240.00	High
Ceddesfeld Hall Rent <sup>3</sup>	3060.00	3060.00	0%	3060.00	Low
Cemetery Lodge Rent	3500.00	3750.00	0%	3750.00	Medium
Other Income	150.00	150.00	1%	151.50	High
Village Greens/Ground Rent	0.00	0.00	0%	0.00	
Open Spaces	1000.00	1000.00	1%	1010.00	High
Dog Bags	800.00	850.00	0%	850.00	Low
Cemetery	3000.00	3500.00	4% per annum	3640.00	High
Allotments	1500.00	1750.00	4%	1820.00	Low
Community Services	200.00	250.00	0%	250.00	High

<sup>3</sup> Rent review due on 1<sup>st</sup> April 2023 in accordance with lease.

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Events	500.00	1000.00	0%	1000.00	High
<b>TOTAL INCOME</b>	<b>411478.60</b>	<b>458296.39</b>		<b>509695.10</b>	
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>		<b>25654.60</b>	

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## **10. Future Development of the Medium Term Financial Plan:**

The Medium Term Financial Plan will be updated on an annual basis through a process involving:

- Comparison against work towards achievement of the Council’s strategic priorities until 2024/25 then beyond a review against future strategic priorities set by the next Council;
- Reviewing the resources required to fund future service needs, including providing for pay awards, inflation and other unavoidable budget pressures, managing changes in demand, and identifying efficiency savings;
- Taking into account the costs of all new statutory requirements and planned investment in existing services or new initiatives that have already been approved by the Council;
- Projecting the likely available financial resources based on target council tax increases, projected council tax base changes, use of balances and reserves, the availability of external funding and the potential for future capital receipts and borrowing opportunities;
- Assessing the ability of the Council to fund its ongoing service needs, deliver strategic aims and meet community priorities within the limited resources available; and
- Maintaining a continuous focus on efficiency and value for money.

## **11. Conclusion:**

This Medium Term Financial Plan is an outline projection of the Council’s income and expenditure position over the next three financial years. In considering its future budgets, the Town Council should use this Plan to assess the sustainability of new or changed services over the medium term.

It is clear that the Town Council is going to need to make some difficult decisions in the coming years to balance its various spending commitments that it faces and wider economic uncertainty. These will need to be funded by a combination of increases to the Town Council’s precept as well as efficiency savings and budget cuts and

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potential use of reserves, with much depending on whether the Council is subject to a cap from the Government in terms of how much it can increase the precept by. All of this is against a backdrop of worldwide economic uncertainty and escalating inflation in the UK.

The Town Council faces a challenging future and will need to make some difficult decisions in the coming years in terms of how to offset the likely cuts in funding as well as the various spending pressures and other commitments that it faces. The Medium Term Financial Plan also highlights that the Town Council continues to be in a fortunate position in having reserves available, however, during **recent years** reserve transfers have been made to fund key refurbishment projects at Cemetery Lodge and the festive lighting around the central village green area. The Town Council's reserves are not vast but over recent years there has been very careful financial management demonstrated by the significant investment delivered, notably those efficiency savings used in the refurbishment of the Church Turning Circle, the Fletcher Room in the Parish Hall and the current Town Council Offices refurbishment programme. It is the intention to continue this approach for the expansion of Butterwick Road Cemetery.

The Plan includes an income and expenditure budget forecast and projections of the likely level of Town Council precept over the three year period, and estimates savings that may be required in order to balance the budget.

The Medium Term Financial Plan is published for use by all Councillors and Officers to help communicate the Council's overall financial strategy and to improve understanding of the links between the Council's strategic priorities and setting of annual income and expenditure budgets.

Looking beyond the life of this Medium Term Financial Plan, Council balances will continue to deteriorate and it is possible that further borrowing may be required to replenish balances and meet on-going capital investment commitments. However, it is equally possible that capital receipts from land sales may enable the Council to achieve its future capital investment requirements without the need to undertake

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further borrowing and may also provide the opportunity for early repayment or rescheduling of the Council's remaining outstanding debt.

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**APPENDIX A – INVESTMENT POLICY:**

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## **INVESTMENT POLICY:**

### **Introduction:**

The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, Section 15(1)(a) and Guidance issued by the Secretary of State under that Act.

Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the Council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full.

The Guidance recommends that a Council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.

A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK local authority or a parish or community council. Any other types of investment is considered 'Non Specified Investment' to which there can be greater risk and where professional investment advice might be required.

### **Policy:**

It is the policy of Sedgefield Town Council that it will adopt the Secretary of State's Guidance in relation to council investments in full (Department for Communities & Local Government "Guidance on Local Government Investments" 2<sup>nd</sup> Edition dated 11<sup>th</sup> March 2010). In implementing the Secretary of State's Guidance the Town Council acknowledges the importance of prudently investing in temporary surplus funds held on behalf of the community with the aim of achieving the optimum return on its investments commensurate with proper levels of security and liquidity. The Council's priorities are centred on the security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed) of its reserves.

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### **Aim and Objectives:**

Sedgefield Town Council's aim is to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity. The Council's priorities are, in the following ranking order:

- i) The security of capital to minimise the risk of losses
- ii) The liquidity of investments to meet the cash flow needs of the Council
- iii) Maximising the return on investments within the framework of the national economic situation

### **Reserves:**

The Town Council will maintain reserves for the following reasons:

1. A sum approximately equal to at least 50% of the net revenue expenditure will be maintained as the General (non-earmarked) Reserve in accordance with good practice and intended for unforeseen emergencies.
2. Specific project reserves will be built up to meet needs identified in any Medium Term Financial Plan.
3. Other reserves earmarked for specific purposes, future development, or to meet commitments, will be maintained as considered necessary and recommended by the Policy & Resources Committee.

### **Investments:**

All the Town Council's investments will be Specified Investments which are those offering high security and high liquidity. This means that:

1. All investments will be made in sterling and any payments or repayments will also be made in sterling.
2. All investments and deposits will be with UK registered Banks or Building Societies.
3. Investments for current expenditure will be on instance access deposit accounts with a daily feeder to the current account.
4. Investments not required for current expenditure, i.e. the General Reserve, may be placed on longer-term deposits of up to 2 years.

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5. Investments not required for current expenditure, i.e. Earmarked Reserves may be placed on medium term deposits not exceeding 1 year.
6. Long term investments will be limited to a maximum of £100,000 and will be reviewed annually.
7. All investments will be made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency<sup>4</sup>. (A high credit rating will be defined as 'A' 'High Credit Quality'). Credit Ratings will be monitored at quarterly intervals. If the credit rating falls during that period, the Town Clerk, in consultation with the Finance Working Group, will make a recommendation to the P&R Committee as to the appropriate action.

**(The Department of) Communities and Local Government maintain that borrowing of monies purely to invest, or to lend and make a return is unlawful and the Town Council will not engage in such activity.**

**Banking:**

The Town Council will periodically review its banking arrangements based upon the criteria of returns, high street presence, accessibility of funds, service level and bank charges.

**Borrowings:**

Provision will be made in the revenue budget each year so as to ensure any borrowings are repaid within the planned time period.

**Policy Review and Amendment:**

The Finance Working Group will review this Policy annually in conjunction with the Internal Auditor and, if necessary, take amendment recommendations to Policy & Resources Committee for approval.

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<sup>4</sup> A credit rating agency is defined in the guidance as one of the following three companies: Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd.

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