

# Budget Consultation 2023/2024

**Budget context  
and proposals  
for consultation**



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# Introduction

## from the Leader of the Council

Gateshead, like every council, is facing challenges across all its operations. Owing to this we must change and adapt to the environment in which we're operating. Increasing demand, reduced Government funding and the economic crisis which is pushing up the prices of many of our services, all playing a part.

Sadly, the way local government is funded is unsustainable and the flaws in the system are directly affecting the support that we are able to provide to everyone.

It is clear that Gateshead Council must respond with its own solutions to national problems, policy changes and adapt to the environment within which we find ourselves operating in, despite this not necessarily being of our own making.

To benefit the most from the limited opportunities that we do have - and to overcome the many challenges - we must continue to move towards becoming a financially sustainable council and one which is responsive to the needs of the local community.

This means being able to deliver the services that our residents need most with the money we have available. Each year the Council spends in excess of £250 million on the delivery of services for local people that range from social care and support for vulnerable families; to public protection, planning and economic growth; to libraries, highways and street cleansing; and many more services.

We know these services are highly valued by our communities but, as in recent years, we know that some service delivery will have to change and there'll be some difficult decisions needed to ensure resources continue to be prioritised and money is directed to where it is most needed. With decisions being based on facts and intelligence and resourcing service delivery tailored to this.

Currently 70% of our service budget is spent on social care, and we rightly provide targeted financial support to those who need us most. We'd ideally not need to have this support in place, with everyone within our communities having all that they need, but we know that we have differing

levels of health and economic security within Gateshead, and that we have some higher levels of deprivation and need.



The increasing cost of living is making it harder for many local people to make ends meet. We will continue to provide help for those residents who need it the most within the resources we have available, but the council is not immune to this crisis. We've been working hard to meet our budget challenge for some time, having taken £179m out of our budget since 2010 with a further £55m reduction needed by 2028. This is the equivalent to £1,150 less to spend on each resident in Gateshead.

We're reviewing all our service areas to ensure they're delivering the services we need within the available resource, we're also looking at all our assets and making sure we use them efficiently and effectively while only keeping those we can afford, and assessing how we can transform services to deliver them more efficiently.

We're currently working very hard to minimise the impact of our funding gap. However, we know that we're going to have to make some incredibly difficult decisions in the coming months to be able to set a balanced budget in February.

This report and our consultation document sets out how we are looking to change the way we deliver services in the coming financial year in order to be able to balance our budget, and move a step closer to becoming a financially sustainable council.

**Please take the time to tell us what you think. Your feedback will help inform the decisions we make when councillors consider the budget in February 2023. Your responses are highly valued, and I'd like to sincerely thank you for playing your part.**

A handwritten signature in black ink, appearing to read 'Martin Gannon'.

Councillor Martin Gannon  
Leader of Gateshead Council

# Our Budget Consultation

**We want to hear the opinions of residents, partner organisations, businesses, and other interested parties as part of the budget setting process.**

**As an organisation we have a strong track record of responding to the annual budget challenge and developing strategies as early as possible in order to deliver a balanced budget, recognising this requires difficult decisions about transforming service delivery and identifying new ways of working to generate the level of savings required.**

## Approach

This report seeks approval from Cabinet to launch the Budget Consultation 2023/24, which will be open from 20 December 2022 through to February 2023.

The Council is committed to representing the needs and views of residents. The Council recognises consultation as a key part of policy formulation and makes considerable effort to ensure that the views of residents, businesses and other key stakeholders are taken into account.

As part of our communication and engagement approach to setting the budget, the Council has a commitment to consult with the business community and voluntary and community sector on proposals and also seek to engage all residents in a wider conversation about how the budget is spent.

The Council will be seeking the views of residents, businesses, stakeholders and service users, and will do this by the following methods of consultation:

- **Web-based consultation on the council website**
- **Social media will be used to reach out to as many people as possible, directing them to the consultation and web site**
- **Hard copies of the budget consultation can be requested by emailing [budgetconsultation@gateshead.gov.uk](mailto:budgetconsultation@gateshead.gov.uk)**
- **Different formats - If you require this information in a different format – large print, braille, on audio/CD/MP3 - please contact Rachel Mason by telephone on 0191 433 2069 or email [BudgetConsultation@gateshead.gov.uk](mailto:BudgetConsultation@gateshead.gov.uk)**
- **Key stakeholders and community groups will be emailed with the budget consultation details and will be offered the opportunity to have a briefing on these.**

The feedback received from the consultation will be considered by and reported to Cabinet on **21 February 2023**, before formally proposing a final budget for 2023/24 to Council on 23 February 2023.

## Council Tax and Adult Social Care precept

We will continue to lobby the Government on the unfairness of council tax as a source of funding to the Council, due to its low tax base, but also because of the regressive nature on bill payers.

An increase of 2.99% Council Tax and 2% Adult Social Care precept would raise £5.2m in 2023/24. This would add £65.61 per year for a Band 'A' property bill, which reflects 59% of the properties in the borough.

## Budget Consultation. We welcome comments on the draft budget proposals. These are set out in full below.

Savings Proposals 2023/24 - BUSINESS & RESOURCES (Finance, Economy and Culture)					
Ref.	Portfolio/ Service	Name of Proposal	Description	Proposal TOTAL £000's	FTE Impact (Vacant FTE)
1	Children and Young People/Education, Schools and Inclusion	Reduction in Premature Retirement Costs	Budget Efficiencies	137	0
2	Corporate Services/Policy & Communications	Graphic Design - Increase Traded Income	Working collaboratively to maximise efficiencies and trading opportunities	6	0
3	Corporate Services/Policy & Communications	Reduce te corporate affairs budget	Budget Efficiencies	20	0
4	Corporate Services/Policy & Communications	Reduce the production of Council News from four to two editions each year	Reduce the production of Council News from four to two editions each year	16	0
5	Corporate Services/Resources and Digital	Reduction in insurance service charges and budgets	Successful internal claims handling	250	0
6	Corporate Services/Resources and Digital	Ebilling - further implementation	Cost Reduction	10	0
7	Corporate Services/Resources and Digital	Telephony Services	Budget Efficiencies	140	0
8	Corporate Services/Resources and Digital	IT Software Consolidation	Cost Reduction	75	0
9	Corporate Services/Corporate	Budget savings arising from reduction of Corporate Subscriptions	Cost Reduction	70	0
10	Corporate Services/Corporate	Investment Interest	Increased Investment Interest income	3,000	0
11	Corporate Services/Corporate	Pension Revaluation review	Cost reduction in Employers Superannuation costs	1,300	0
12	Corporate Services/Resources and Digital	Resources and Digital - Deletion of Vacant posts	Cost Reduction - Deletion of Vacant Posts	243	4 (4)
13	Corporate Services/Corporate Services and Governance	Corporate Services and Governance - Deletion Vacant Posts	Cost Reduction - Deletion of Vacant Posts	173	3.8 (3.8)
14	Economy/Business, Employment & Skills	Business Centres - Increased Income	Increased income arising from additional rental income	480	0
15	Economy/Major Projects	Solar PV Park - Increase Income	Increased income arising from increase price of wholesale power	593	0
16	Economy/Economy, Innovation & Growth	Group Review for Economy, Innovation & Growth	Review structure of the Group	160	0
17	Economy/Resources and Digital	Phased reduction of Grant contribution to Major Events	Removal of part funding to support Major Events proposed to start from 2023	50	0
18	Economy/Resources and Digital	Removal Full Grant contribution to Major Events	Removal of full contribution from 2023. This is in addition to the option above. Total saving would be £150k	100	0
19	Economy/Resources and Digital	Customer Experience & Digital - contributions from Grant Funding	Use of Grant Funding to meet eligible costs	188	0
20	Environment and Transport/Major Projects	Gateshead Energy Company Concession Charges	Concession charge/ standing charge reductions	198	0
21	Environment and Transport/Major Projects	Energy - Council Buildings efficiencies	Weekly overnight Power checks and review of heating times and temperatures	219	0
<b>Total BUSINESS &amp; RESOURCES (Finance, Economy and Culture)</b>				<b>7,428</b>	<b>7.8 (7.8)</b>

## Savings Proposals 2023/24 - PEOPLE (Adults Social Care, Children's Services and Poverty)

Ref.	Portfolio/ Service	Name of Proposal	Description	Proposal TOTAL £000's	FTE Impact (Vacant FTE)
22	Children and Young People/ Social Care	Review Health Services recharge processes	Review of system approach and process	500	0
23	Children and Young People/ Social Care	Reduce spot purchases	Review of in-house services	27	0
24	Children and Young People/ Social Care	Review Children's home sufficiency strategy	Reduce Demand leading to reduction in costs	125	0
25	Children and Young People/ Social Care	Regional Adoption Agency	Budget Efficiencies and increased Adoption Support Fund applications	125	0
26	Children and Young People/ Social Care	Review of grant funding across Children's Social Care Service	Use of Grant Funding to meet eligible costs	173	0
27	Children and Young People/ Education, Schools and Inclusion	Review of expenditure budgets across Education, Schools and Inclusion	Reduction of non essential spend	24	0
28	Adult Social Care/ Quality Assurance & Commissioning	Recommissioning of Supported Accommodation	Review of system approach and processes to reduce commissioned service costs	50	0
29	Adult Social Care/ Adult Social Care	Increase use of Technology, Extra Care Housing and reablement	Increase use of Technology, Extra Care Housing and reablement to reduce ongoing costs in packages of care	674	0
30	Adult Social Care/ Adult Social Care	Review of Service Delivery	Includes over deliver of savings related to day services review and reduction in non essential spend in provider services	353	0
31	Adult Social Care/ Adult Social Care	Income Generation	Increase externally provided service costs in line with inflation and increase customer base for Care Call to increase income	200	0
32	Adult Social Care/ Adult Social Care	Deletion of Vacant Posts	1 Support Assistant and 7.2 posts in Provider Services to be reduced	254	8.2 (8.2)
33	Adult Social Care/ Adult Social Care	Deploy Grant Funding to replace base budget	Promoting Independent Centre costs and ASSET Team Base funding to be replaced with grant funding releasing base budgets as savings	2,280	0
34	Communities and Volunteering/ Locality Services & Housing	Alternative use of grant funding for Bed & Breakfast Accommodation	Use of Grant Funding to meet eligible costs	16	0
35	Housing/ Locality Services & Housing	Alternative use of grant funding for Homeless Prevention, Refugees, Domestic Abuse, Afghan, Hong Kong and Ukraine	Use of Grant Funding to meet eligible costs	107	0
36	Economy/ Business, Employment & Skills	Gateshead Works model	Move to a non direct staffing model for this job brokerage service	60	2 (2)
<b>Total PEOPLE (Adults Social Care, Children's Services and Poverty)</b>				<b>4,968</b>	<b>10.2 (10.2)</b>

## Savings Proposals 2023/24 - PLACE (Includes Place, Environment, Assets, Communities & Housing)

Ref.	Portfolio/ Service	Name of Proposal	Description	Proposal TOTAL £000's	FTE Impact (Vacant FTE)
37	Property and Assets/ Property and Assets	Council Property Portfolio - cost reduction	Reduction in Repairs and Maintenance budget and Business Rates across the Property Portfolio	410	0
38	Property and Assets/ Property and Assets	Review Long Term options for Prince Consort Road building	Reducing the costs relating to holding Prince Consort Road as an empty property	79	0
39	Property and Assets/ Property and Assets	Building Cleaning - Increased Income	Increased budget to reflect current levels of income	75	0
40	Environment and Transport/Highways & Waste	Millennium Bridge	No tilts for river boats or tourist attractions	10	0
41	Environment and Transport/Highways & Waste	Transport Strategy Post - Funding swap	Use of alternative funding to meet eligible costs	50	0
42	Environment and Transport/Highways & Waste	Car Parks - Removal Security Guard / Full cost recovery to third parties	Removal of Security Guard from Heworth North car park and full cost recovery from third party users of car parks	70	0
43	Environment and Transport/Highways & Waste	Cease Voids service	External provision of the voids service, employees will be redeployed to other areas of the Council. Fixed Term contract roles and therefore contracts will end March 2023	160	12 (0)
44	Environment and Transport/Environment and Fleet Management	Cease Maintenance to Pitches/Bowling Greens as agreed	The maintenance of sports pitches and bowling greens has been transferred to sports clubs over the last 3 years. This proposal refers to a completion of the transfer process as previously agreed	156	11 (11)
45	Environment and Transport/Environment and Fleet Management	Reduction in Grounds Maintenance in Gateshead	Fewer staff to cut grass, maintain shrubs and hedges and to support other high priority services such as gritting and waste collections	125	5 (0)
46	Environment and Transport/Environment and Fleet Management	Reduce maintenance in parks	Fewer staff in parks to cut grass, maintain shrubs and hedges and to support other high priority services such as gritting and waste collections	30	1 (0)
47	Environment and Transport/Environment and Fleet Management	Reduce Investment in Environment	Tidy up improvement works to hotspot areas will not continue	250	7 (0)
48	Environment and Transport/Environment and Fleet Management	Reduce Investment in parks	Reduction in funding to maintain parks' infrastructure such as paths, buildings, signage and equipment	180	0
49	Environment and Transport/Environment and Fleet Management	Stop Cycle Path schemes earlier	The Cycle Path maintenance by the scheme will not continue	80	1 (0)
50	Environment and Transport/Environment and Fleet Management	Cease support for Volunteer Service	Support for the Volunteer Service will cease	50	1 (0)
51	Environment and Transport/Environment and Fleet Management	Reduction/ Outsourcing Arboriculture	Reduce in house service for external provision	50	3 (0)

### Savings Proposals 2023/24 - PLACE (Includes Place, Environment, Assets, Communities & Housing) *continued*

Ref.	Portfolio/ Service	Name of Proposal	Description	Proposal TOTAL £000's	FTE Impact (Vacant FTE)
52	Environment and Transport/Environment and Fleet Management	Reduction in Street Cleansing in Gateshead	Fewer staff to sweep streets, litter pick open spaces and roadsides and to empty litter bins. Also less staff to support other high priority services such as gritting and waste collections	100	4 (0)
53	Environment and Transport/Environment and Fleet Management	Reduce Weed Control	Weed control applications would be reduced from 2 to 1 during the summer	20	0
54	Environment and Transport/Environment and Fleet Management	Removal Events Officer post	Unable to support or advise on events that take place on or affect the highway	30	1 (0)
55	Environment and Transport/Environment and Fleet Management	Drivers pool Reduction (1FTE)	Fewer staff to support driving duties for civic engagements and other support services	25	1 (0)
56	Environment and Transport/Environment and Fleet Management	Cease Countryside Warden service	No warden presence on the natural environment sites. Conservation grazing will cease, resulting in areas reverting to scrub land	30	1 (0)
57	Environment and Transport/Environment and Fleet Management	Cease Dog Warden Service	There would be no dog warden service which carries out a range of duties including dog fouling education and enforcement and stray dog collection. A contractor would be engaged to collect stray dogs only	20	1 (0)
58	Environment and Transport/Environment and Fleet Management	Cessation of Graffiti Team	There would be no team to remove graffiti	30	1 (0)
59	Housing/Strategic Services & Residential Growth	Review of Selective Landlord Licensing	A review of Selective Landlord Licensing is underway with a view to generating enough new schemes to generate additional income to make the service cost neutral	45	0
60	Culture, Sport and Leisure/Culture	St Mary's - Management Options	Consideration of alternative management options. Phased in 2023	29	0
<b>Total PLACE (Includes Place, Environment, Assets, Communities &amp; Housing)</b>				<b>2,104</b>	<b>50 (11)</b>

<b>Total All Saving Proposals</b>	<b>14,500</b>	<b>68 (29)</b>
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# Budget Context

## Budget 2023-24

We have had to take £179m out of our budget over the last 12 years, which means our budget for services has reduced by 56% and this has meant significant changes to many of our services.

The COVID-19 pandemic has undoubtedly had a major impact on our budget too, and the ongoing challenges we're facing in relation to rising costs are affecting us as a Council in the same way they are affecting you in your home. The pressures facing adult social care continue to grow and we also have more children in our care than ever before.

## What is our current financial position?

Like all councils, we have faced increasing pressure on much needed services and limited budgets for many years.

The way Councils are funded has changed during that time and the Government has looked to move from reliance on grant funding, which was based on the needs of an area, to raising local income to fund services. However, demand for services has increased, costs are increasing but funding is not increasing at the same rate. The large national budget deficit will also mean funding is likely to reduce more than we originally thought.

The Council has looked at ways to invest wisely and secure value for money in service delivery and contracts, however our estimates show that we must do more which will require very difficult decisions and possibly new ways of working and service delivery.

Since 2010

the money we have to spend per resident has

**decreased** by nearly

**£900**



We expect this to be reduced by a further

**£250**

over the next five years



this means over

**£1150**

less per person



## What is a balanced budget?

Every Council must have a balanced budget which means expenditure cannot be more than the Council's income for the forthcoming financial year.

## What is our medium term financial strategy?

We must plan for the future and this strategy is our best estimate of likely income and additional costs over a rolling five year period. Due to reductions in funding and pressures to increase service expenditure through increased demand and inflation many councils find that their estimates show a **funding or budget gap** which is when estimated expenditure is higher than estimated future income. Action must be taken to implement plans to sort this as legally a balanced budget must be set each year.

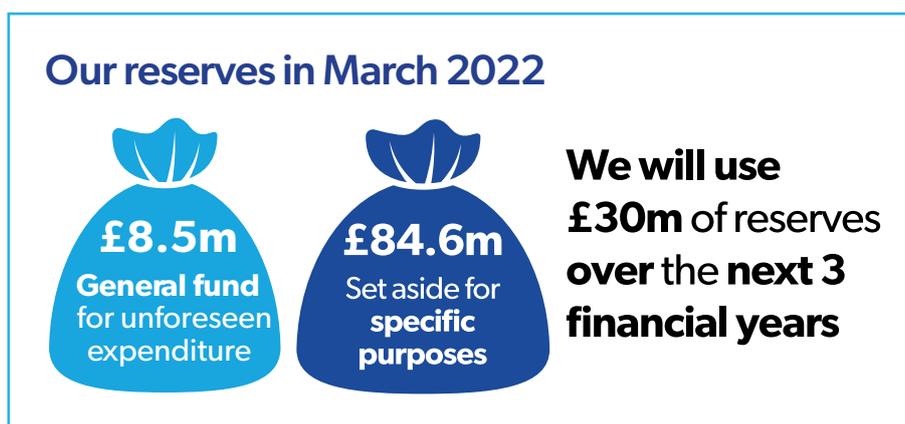
## What is our current estimated funding gap?

Our current plan shows an estimated funding gap of £55 million over the next five years, an increase of £10 million on last year's estimates. This is mainly due to rising inflation, which is driving up the cost of delivering services, the cost of supplies as well as contracts. Like many households and businesses, we are also facing increased energy costs and rising salaries for our own staff and those who deliver services on our behalf such as care workers.

## What are reserves?

We often get asked why we don't use our financial reserves to balance our budget. In short, we do, however, we need to retain a certain level of reserves for known risks, specific planned projects and for unknown risks or emergencies. Using all of our reserves would make us vulnerable to unexpected financial pressures, such as the recent dramatic increase in inflation, and does not provide a long-term solution to our budget challenges.

Reserves (like savings) are held by the Council for many important reasons and some of these are ringfenced for a specific reason and cannot be used to support the general budget. They can also only be used once so are not a sustainable way to fund services.



**When compared to other local authorities we do not hold excessive amounts in reserves.**

## Council Budgets – What do we Spend Money On?

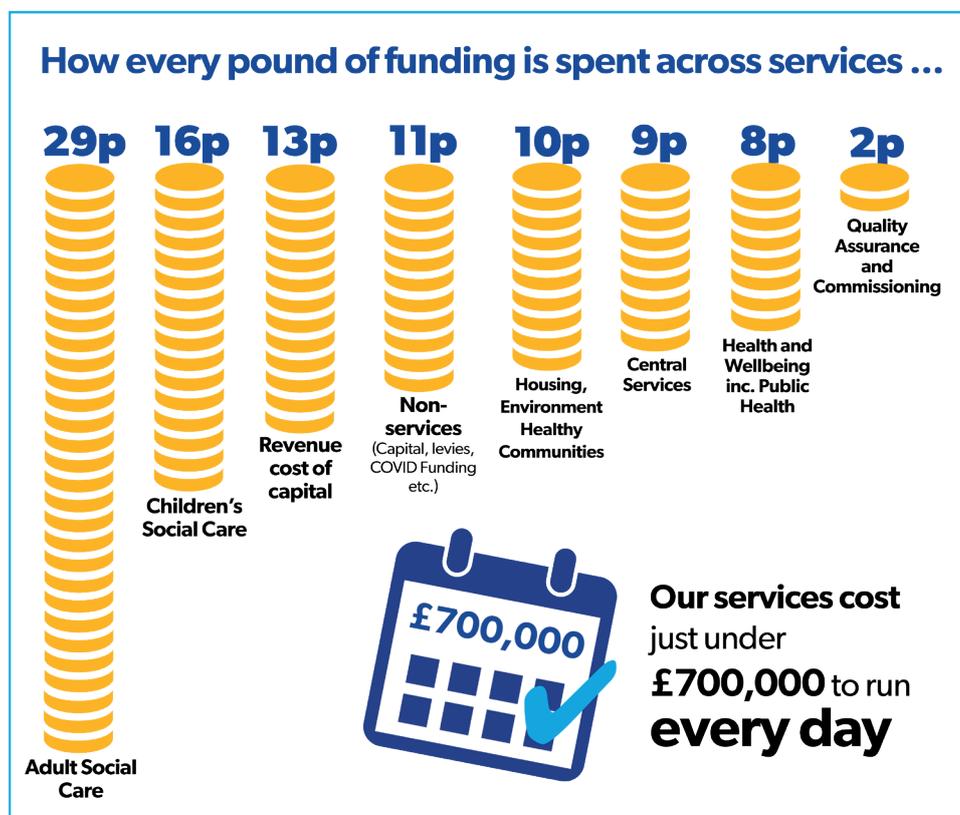
Our revenue and capital budget reports are agreed at Council in February each year. This sets out the council tax levels and the capital programme of activity for the coming year. By law, the Council must set a balanced budget by 11 March.

## Revenue Budget

The revenue budget is the term used to describe the amount that a local council spends on its day-to-day running of services. This includes wages and salaries, property and transport, running costs, repairs and maintenance, utilities and payments to suppliers.

Gross budget is the total budgeted cost before any budgeted income is considered. The total gross revenue budget for running Council Services set in February 2022 was £485 million.

The net budget is the budgeted cost of the service after all the service specific income has been taken off such as trading income, service level agreements, fees and charges and service specific grants. The total net revenue budget for 2022/23 agreed in February was £254.3 million. This is what it costs to run Council services and must be funded through government grant, council tax and business rate income.



## How are our Revenue budgets funded?

The three main sources of funding towards meeting the cost of our revenue budget are:

1. **Central Government Grants** - direct funding from the government
2. **Business rates Income** - A tax on commercial properties
3. **Council Tax Income** - A tax on residential properties

### 1. Central Government Grants

#### Grants broadly fall into two categories

- i. **Specific Ring Fenced Grants** - The Council must spend these on particular services or activities as they are earmarked for a specific activity such as Public Health Grant. They can also be to pass through the Council such as funding for schools and housing benefit administration. These cannot be used to fund general council services as they have set conditions for the grants use.
- ii. **Core Funding** Core funding includes grants that the Council can spend directly on the services for which they are responsible. The main grant is called the Revenue Support Grant (RSG). Core grant funding has significantly decreased over the last years as Government tried to move away from dependence on grants and encouraged local income and funding sources.

Cuts to grant funding are harder to manage for some Councils than for others because some councils such as Gateshead are more reliant on grant funding to fund local services. Areas of high need and

deprivation are likely to have less income from council tax and business rates due to lower property values and more likely to experience higher demand for services.

## 2. Local Funding (Business Rates)

Business rates are collected locally. We have very little control over the tax itself and how it is determined. How much each business pays depends on the rateable value of their premises, which is decided by the Valuation Office Agency. Rates are calculated based on a fixed property valuation, which is reviewed and updated every five years. There will be a revaluation update from 1 April 2023.

We keep 49% of the income we collect from business rates, 49% is sent to central government and the remaining 1% is sent to the Tyne and Wear Fire Service. We then receive a further 'top up' payment as Gateshead is deemed less able to generate business rates based on the local economic circumstances when compared to other local authorities across the country.

## 3. Local Funding (Council Tax)

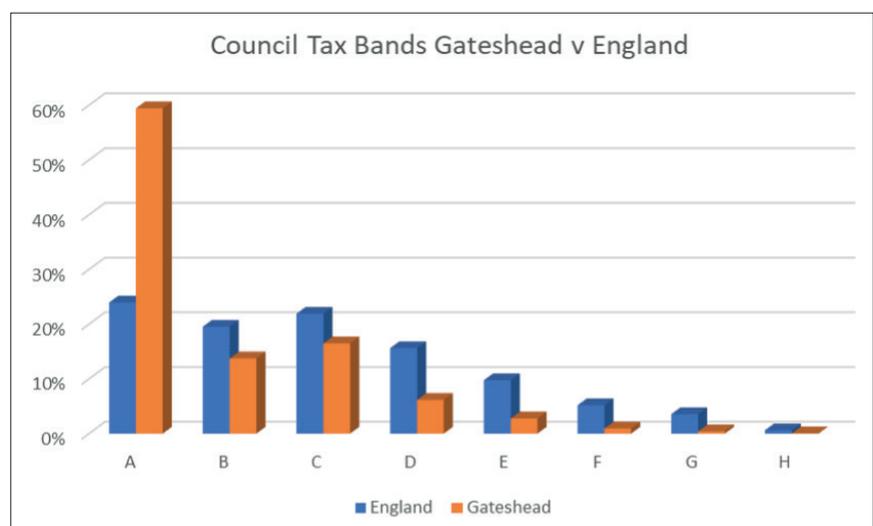
Council tax is the only tax collected and fully retained locally, although the total amount residents pay includes precept amounts for the Police and Crime Commissioner, Fire and Rescue Authority and Lamesley Parish, for those residents who live in the parish. The funding is collected and then paid over to them by the Council. Despite its local nature, local authorities are subject to controls on the tax set by central government giving council's little or no flexibility.

Despite changes to house prices since council tax bands were set in 1991, we cannot increase the highest rate of council tax on high value properties, or reduce it on the lowest value homes to keep pace with these changes. This means increasingly the wealthiest pay proportionately less, while the least wealthy pay proportionately more.

For the purpose of council tax each property is assigned to one of eight bands, A to H, based on their value in 1991. For properties built after 1991, value is assessed as if the property had existed in 1991. The band a property is placed in determines how much council tax will be paid relative to other properties in the same council area. For example, a Band A property will pay two thirds of the amount of council tax paid by a property in Band D, while a property in Band H will pay double.

It is important to understand that different local authorities have very different make up of dwellings in their area. For instance, Gateshead has almost 90% of chargeable dwellings in valuation Bands A to C, this compares to 65% across England.

Very different property values in different areas of the country mean that higher-value areas (in which a greater share of properties are in top bands) can set council tax lower to fund a given level of services. Combined with the regressive nature of the band structure and out-of-date valuations, this drives much lower effective council tax rates in the South of England than elsewhere in the country.



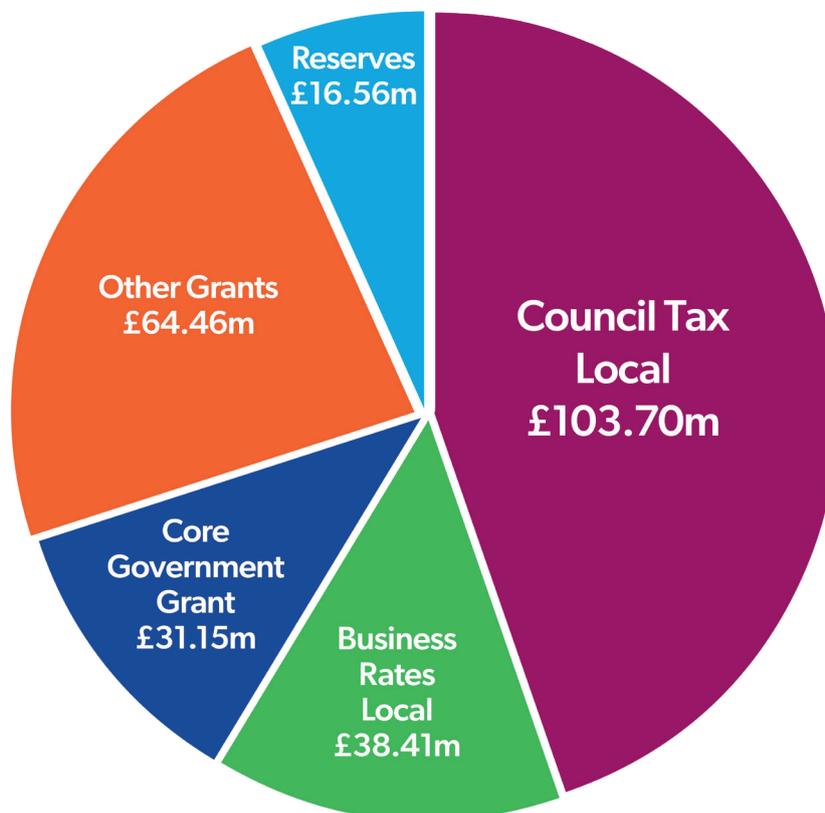
## Where else do we get local income from?

There are other sources of income that the Council can call upon, however these are much smaller in scale:

- **Reserves** - This is not technically an income stream but reserves can be used to finance one off spend. Like saving for a "rainy day" reserves can be used for emergencies or set aside to meet a particular known risk or one off activity. The Council maintains a general reserve at a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure. Reserves can only be spent once and are not a substitute for sufficient income for day-to-day spending, they create some much-needed flexibility in constrained budgets and are planned to be utilised in this way over the next three financial years. The use and level of reserve balances are reviewed regularly. Some reserves are ringfenced meaning they are restricted to a specific purpose and cannot be used for any other area of spend.
- **Capital Investment** - The Council has access to borrowing from the Public Works Loan Board. This has enabled the Council to make capital investments that may create revenue returns, savings or regeneration of an area, however the Council must always balance return and risk when using public money in this manner.
- **Fees and Charges** Councils have power to put fees and charges on a range of services they provide such as planning and leisure centres. The income from fees and charges is included in the service budgets.

## How is our net revenue budget funded?

Budget Funding 2022 - Total £254.3 million



## What is Capital spend?

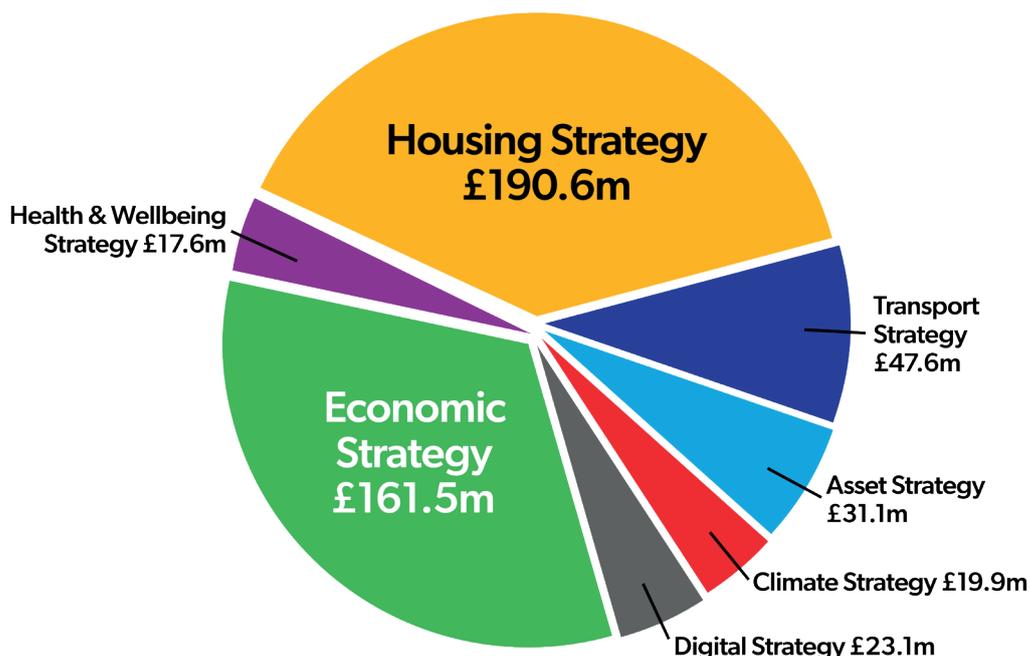
Capital spending is money spent on creating or improving assets where the benefits last more than 12 months. This often includes spending on things such as land and buildings or vehicles and equipment, which can be used over a long period. For example, if you purchase a house, this is your capital expenditure. This kind of spend is different to revenue spend, which covers day-to-day items to run services such as staffing and purchase of services, so it is budgeted for separately. Your daily outgoings such as purchasing food is the equivalent of revenue expenditure.

If we modernise a property, this is capital expenditure. If we unblock a drain, it is revenue expenditure. Capital expenditure is usually one-off in nature, it can be a significant amount and can span over a number of financial years.

The Council's five-year capital programme is informed by the availability of money identified within the Council's financial plan. The capital programme is reviewed and approved annually by Council. The planned investment agreed in February 2022 for the capital programme totalled £491 million.

Priority is given to schemes which support the achievement of the Council priorities, generate revenue savings or economic growth, maintain Council assets or are a statutory requirement.

### Capital Programme by Strategy 2022/23 to 2026/27 £491.4 million



## How is our Capital expenditure funded?

- **Prudential Borrowing** – This is the main source of available funding and allows the Council to borrow from the Public Works Loans Board (PWLB) or market loans to fund the capital programme. Borrowing must be affordable so we have to be sure that we can pay back any borrowing including the principal and interest.
- **Government Grants** – Grants can be made available to fund certain capital expenditure usually transport or school related. In most cases grant will part fund the project but will not provide ongoing revenue support.

- **Capital Receipts** – These are the proceeds from the sale of council land, buildings and council houses greater than £10,000.
- **External Funding** – Grants and other contributions may be awarded as part of annual settlements to support general capital expenditure, following applications for external funding to support specific schemes or through private sector contributions.
- **Major Repairs Reserve (MRR)** – This funds capital expenditure within the Housing Revenue Account and is ring-fenced for capital purposes.

## How do you know what is Capital and what is Revenue?

There are strict rules that define whether expenditure is revenue or capital. There are links between the two as spending money on new assets, improving them or on regenerating an area for example can lead to cost savings or increased income in the revenue budget. This is always considered as part of the business case for new projects. Any cost of borrowing will have loan repayment and interest costs (like a mortgage) and the cost of borrowing is charged as a cost into the revenue budget.

## Are all services funded from the same pot of money?

Every Council has a **general fund** which is where most services spend and income is held however there are a few accounts we also run which are kept separate from main Council budgets.



This covers all **expenditure** and **income** relating to **council houses** and **services** provided for **council tenants**



In 2022 the fund plans to collect **£104m** of **council tax** and around **£90m** **business rates**



In 2022/23 **£75m** funding **MUST** be spent on schools.

