



Fermanagh & Omagh
District Council
Comhairle Ceantair
Fhear Manach agus na hÓmaí

Medium Term Financial Plan 2024-2029

1. Legislative requirements

The Local Government Finance Act (Northern Ireland) 2011 is the primary legislation concerning the Councils responsibilities in respect of Estimates of Expenditure and Rates Process. Subsection 3 of this Act, requires that before 15 February the Council:

- (a) Shall consider the estimates for the next financial year;
- (b) May revise the estimates in such a manner as the Council thinks fit;
- (c) Shall approve the estimates, subject to any revisions under paragraph (b);
- (d) Shall authorise the expenditure included in the estimates; and
- (e) Shall fix for the next financial year the amount estimated to be required to be raised by means of rates made by the Council.

The Local Government Finance Act (Northern Ireland) 2011 (the Act) also requires consideration of the Robustness of the Estimates and the Adequacy of any Financial Reserves for the financial year. The Act also requires the Council to determine and keep under review how much money it can afford to borrow.

Councils are required under the Rates (Northern Ireland) Order 1977 to set two district rates, one for domestic properties and one for non-domestic properties, that should be expressed in 'pence' terms and rounded to the nearest four decimal places. The domestic rate is based on capital values. It is a derivative of the non-domestic rate, which is based on rental values, and is arrived at by application of a conversion factor to the non-domestic rate. The Council is subsequently required under the Rates Regulations (Northern Ireland) 2007 to notify the Department of the district rates struck, within 7 days of the relevant Council meeting and forward details of the Estimates to the Department as soon as possible after the Rates are struck.

In line with The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2021 in respect of the year ending on 31st March 2025, different regional and district rates may be made and levied on— (a) the rateable net annual values of hereditaments; and (b) the rateable capital values of hereditaments. The Regional Rate is set by the Northern Ireland Executive and the District Rate is set by the Council and is normally set after the prescribed date for local authorities of 15 February.

A key concept supporting the Act is the Prudential Code ('the Code') which underpins the system of Capital Finance. The requirements of the Act and the Prudential Code are reported in this Medium-Term Financial Plan for 2024-2029.

2. Prudential Code requirements

The Council is required by Regulation to have regard to CIPFA's Prudential Code for Capital Finance in local authorities under Part 1 of the Local Government Finance Act (Northern Ireland) 2011. The Prudential Code sets out a clear governance procedure for the setting and revising of a Capital Strategy and Prudential Indicators and that this is done in the same process as the decision-making around the Council's Budget.

The main objectives of the Prudential Code (the Code) are to ensure, within a clear framework, that the capital expenditure plans and investment plans are affordable and proportionate, that all external borrowing is within prudent and sustainable levels and that treasury management decisions are taken in accordance with good professional practice and in the full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Council.

The Code requires authorities to look at Capital Expenditure and Investment Plans and debt in the light of the overall organisational strategy and ensures that decisions are made with sufficient regard to long term financing implications and potential risks to the Council. The Code highlights that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.

The Code also requires Councils to have a Capital Strategy in place to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Council's Medium-Term Financial Plan sets out the Council's Capital Plan for 2024-2029 and includes the Estimated Revenue Income and Expenditure for 2024/25 as well as setting out the Council's future forecast Revenue Income and Expenditure Financial Plans. It sets the framework around which the Council plans to use its financial resources to fund activity to deliver its service objectives, priorities and vision.

3. The Capital Plan

An estimated Capital Expenditure Programme for the next five financial years has been developed in consultation with the Estimates Working Group. The projects included within the forecast Capital Programme address a range of infrastructure and facilities needs and are considered essential for the development of the District. The Plan for 2024/25 is supported, in the majority, by approved business cases. However the estimated Capital Programme for 2025-2029 is still under development and a number of Council approved formal business cases will be required to support each project. Further consideration of prioritisation, financing and affordability of the Capital Programme will be essential before spend proceeds. In addition, where new external funding streams become available, they will be taken into consideration in the financing of the Capital Programme. It is recognised in the nature of capital expenditure that variations from short-term estimates may arise for example construction inflationary price uncertainty. However, regular and robust monitoring will assist the Council in the management of its Capital Plan. The Capital Plan developed for 2024/25 takes account of a revised Capital Plan for 2023/24, which has been updated to reflect current implementation linked to timing, external funding factors and business case development.

Table 1: Revised Capital Plan 2023/24

	2023-2024	Proposed Funding			
	Revised Estimated Spend (£)	Grant (£)	Reserves (£)	Internal Borrowing (£)	Revenue (£)
Externally Funded Projects	2,800,000	2,365,000	70,000	-	365,000
Covid Small Settlement Programme	1,760,000	1,590,000	70,000	-	100,000
Marble Arch Caves/Lough Navar - TRPSI	55,000	-	-	-	55,000
Parks & Open Spaces Development (Including Water Recreational Sites)	100,000	-	-	-	100,000
Ecclesville Forest	160,000	100,000	-	-	60,000
Enniskillen Revitalisation (Shop front Scheme)	300,000	300,000	-	-	-
Omagh Foundry Lane	300,000	285,000	-	-	15,000
Arney Canoe Trail	10,000	-	-	-	10,000
Access & Inclusion Projects	115,000	90,000	-	-	25,000
Council Funded Projects	8,530,000	-	5,440,000	2,570,000	520,000
Leisure Centres Projects - Lakeland Project	1,370,000	-	-	1,370,000	-
Leisure Centres Projects - Other	300,000	-	-	-	300,000
Ardhowen - Development Project	300,000	-	300,000	-	-
Vehicle & Associated Plant	1,000,000	-	1,000,000	-	-
Play Area Refurbishment	1,000,000	-	920,000	-	80,000
Drumree Transfer Station	1,200,000	-	-	1,200,000	-
Information and Communications Technology Strategy Projects	505,000	-	505,000	-	-
Gortrush Depot / Transfer Station / Phase III	945,000	-	945,000	-	-
Strategic Capital Projects - Community Capital Grants	500,000	-	500,000	-	-
Recycling Facilities Development (non funded)	970,000	-	930,000	-	40,000
Grange Park - Destination Playpark and associated works	140,000	-	140,000	-	-
Administrative Buildings - Energy Improvement Projects	50,000	-	-	-	50,000
Signage: Dual Language	200,000	-	200,000	-	-
Enniskillen Castle Archive	40,000	-	-	-	40,000
Musical Heritage Trail	10,000	-	-	-	10,000
General Fund (Not Specified)	370,000	70,000	-	-	300,000
Total	11,700,000	2,435,000	5,510,000	2,570,000	1,185,000

In consideration of financial planning, it is preferable that any rates increase required to support capital investment decisions are considered in a managed way to ensure that there is not a large uplift in rates in one year directly as a result of capital investment in a project. Accordingly, an additional allocation of £400,000 has been made in 2024/25 which will be transferred to a specific capital fund.

Overall, the level of investment forecast will require substantial financial support which will be funded through the use of existing reserves previously developed as Capital Reserves, directly on the current and future rates charges and through internal and external financing charges to meet external loan commitments. As a priority the Council will continue to pursue external funding opportunities to support proposed capital investment thereby minimising the impact of investment decisions on budgets.

The Capital Plan for 2024-2029, which is detailed in Table 2, is subject to confirmation of long-term funding arrangements and any new funding opportunities, further consideration of long-term affordability, the completion of relevant Corporate Strategies and full Option Appraisals. This will be progressed through the relevant Council Committees.

Table 2: Capital Plan Forecast 2025-2029 - Expenditure

Detail	Year 2	Year 3	Year 4	Year 5	Total
	2025-2026	2026-2027	2027-2028	2028-2029	2025 to 2029
	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)
Projects - Externally Funded	16,000,000	19,000,000	8,770,000	2,500,000	46,270,000
Fermanagh Lakeland Forum Project	16,000,000	19,000,000	8,770,000	2,500,000	46,270,000
Projects - Subject to External Funded	10,600,000	19,410,000	16,850,000	6,150,000	53,010,000
Mid South West Projects	600,000	10,000,000	8,250,000	2,750,000	21,600,000
Peace Plus Projects (Newtownbutler, Omagh Lisnamallard)	750,000	4,000,000	2,800,000	-	7,550,000
Future Waste Management	1,500,000	1,500,000	1,500,000	-	4,500,000
Erne Bridge & Linkages	250,000	500,000	1,750,000	1,750,000	4,250,000
Enniskillen Castle Masterplan	500,000	1,000,000	1,000,000	1,500,000	4,000,000
Omagh Public Realm 3	-	1,000,000	1,000,000	-	2,000,000
Greenway Projects	2,100,000	-	-	-	2,100,000
Community Centres Redevelopment	1,500,000	-	-	-	1,500,000
Marble Arch Caves/Lough Navar - TRPSI	1,400,000	-	-	-	1,400,000
Local Peace Plan	1,050,000	310,000	-	-	1,360,000
Campsie Footbridge Access - DFC	-	950,000	400,000	-	1,350,000
Parks, Open Spaces and Water Recreational Sites Development	500,000	150,000	150,000	150,000	950,000
Forthill Park	300,000	-	-	-	300,000
Ecclesville Forest	150,000	-	-	-	150,000
Council Funded Projects	3,650,000	5,100,000	4,150,000	3,350,000	16,250,000
Crematorium	200,000	2,000,000	2,000,000	2,000,000	6,200,000
Vehicle and Associated Plant	1,000,000	1,000,000	1,000,000	500,000	3,500,000
Play Area Refurbishment	600,000	600,000	600,000	600,000	2,400,000
Drumree Transfer Station and Site Closure	750,000	750,000	-	-	1,500,000
Leisure Centres Projects - Other	250,000	250,000	250,000	250,000	1,000,000
Information and Communications Technology Strategy Projects	300,000	300,000	300,000	-	900,000
Signage: Dual Language	200,000	200,000	-	-	400,000
Hydro Project	350,000	-	-	-	350,000
General Fund (Not Specified)	750,000	750,000	750,000	750,000	3,000,000
Total	31,000,000	44,260,000	30,520,000	12,750,000	118,530,000

Table 3: Capital Plan Forecast 2025-2029 – Proposed Funding

Proposed Funding		
Summary	£	£
Total Forecasted Spend 2025/26 to 2028/29		118,530,000
Funded By:		
Grant	47,810,000	
Reserves	12,150,000	
Capital receipts	1,000,000	
Provisions	1,500,000	
Internal Borrowing	15,000,000	
External Borrowing	38,270,000	
Revenue	2,800,000	
Total		118,530,000

In considering the affordability of the Capital Plan, the Council is required to take account of all resources available and those estimated to be available in the future, together with the totality of its capital plans and income and expenditure forecasts. Long term affordability and the impact of funding raised through rates requires continued analysis. Further financial planning is required to balance the cost-of-service delivery with the ambitious capital plans and any associated financing costs to ensure that any amount of Rates Income to be generated by the Rates base, in any year, is prudent and sustainable and meets the Council's Corporate Plan objectives.

Table 4 summaries the revised Capital Plan for the period 2023/24, the estimated plan

spend for 2024/25 and the four year forecast spend on projects for the period 2025-2029. The Capital Plan will be reviewed monthly, progress will be reported quarterly, and the Plan will be updated as part of the 2025/26 Estimates Process. The Plan indicates proposed capital investment in the District of £144.1m (£87.5m net of grant).

Table 4: Capital Plan Summary 2023-2029

	2023/24 Revised £m	2024/25 Estimate £m	2025-2029 (Forecast) £m	Total 2024-2029 £m
Projects - externally funded (prioritised)	2.80	7.80	46.3	56.9
Projects – subject to external funding	-	-	53.0	53.0
Council funded capital investment projects	8.50	5.50	16.3	30.3
General allocation to support in year upkeep capital works	0.40	0.50	3.0	3.9
Total	11.70	13.80	118.60	144.10

Governance: Governance arrangements are in place to manage the Council’s Capital Programme which includes a Capital Programme Service, managed by a Lead Officer and a Capital Programme Management Board. This is a corporate, officer-led group, that considers and challenges the capital and asset management plans and monitors progress towards delivery of the Capital Programme. The Board reports and makes recommendations to the Council’s Corporate Leadership Team which reports to and makes recommendations to the Regeneration and Community Committee. The Board is aligned to the Elected Member Capital Programme/ Investment Oversight Group which meets up to four times per year. Responsibility for setting the direction of the capital programme will ultimately remain with Elected Members. These governance arrangements are supported by an Options Appraisal Policy (updated June 2021) which provides guidance on the Appraisal process from determining the level of Appraisal required right through to assessment, reporting and project evaluation.

4. Minimum Revenue Provision (MRP) Policy Statement

In order to account for the repayment of the Council’s borrowing, irrespective of when the timing of loan receipts and payments might take place, the Council is required Under Regulation 6 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011, to make an annual provision for the repayment of borrowing through a charge to its General Fund referred to as Minimum Revenue Provision (MRP). The Council’s MRP Policy Statement for 2024/25 which is based on the asset life method for borrowing, is detailed in **Appendix 1A**.

5. Treasury Management Strategy Statement 2024/25

The Treasury Management Strategy Statement sets out the expected Investment and Borrowing Strategies for 2024/25 and is linked to the Community Plan 2030, the Council’s

Corporate Plan and Capital Development Plans. The Strategy Statement is detailed in **Appendix 1B**. The Council's Treasury Management Strategy Statement is in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services and permits investment in a range of financial institutions and instruments, with appropriate advice and governance. The Treasury Management Strategy Statement also sets out formal reporting requirements and these have been fully complied with to date and will continue to be adhered to.

6. Prudential and Treasury Indicators

Council's determine their own programmes for capital investment that are central to the delivery of quality public services. The Prudential Code is produced by CIPFA as a professional Code of Practice to support local authorities in taking capital decisions. The Council has adopted the 2021 CIPFA Codes of Practice for Capital Finance (Prudential Code) and Treasury Management and all activities are carried out in accordance with the Code. Both Codes set out indicators to be used which promote transparency and assist in robust budget forecasting, to manage Council spend, borrowing and investment decisions. The indicators are designed to support and record decision making in a manner that is publicly accountable and are not designed to be comparative performance indicators. To demonstrate that the Council has fulfilled the objectives of these Codes a suite of Prudential and Treasury Management Indicators have been developed and these are detailed in **Appendix 1C**.

7. The Council's Affordable Borrowing Limit

The Prudential Indicators includes a Capital Financing Requirement of £6.1m and a recommended affordable (authorised) borrowing limit of £3.6m. The indicators propose that 100% of the Council's debt remains at fixed interest rates.

8. Capital Strategy Report 2024-2029

The Prudential Code requires that authorities have a Capital Strategy in place to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. The Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The Capital Strategy which is detailed in **Appendix 1D** gives a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of Council services along with an overview of how associated risk is managed and the implications for future financial sustainability. It refers to the Council's Minimum Revenue Provision Policy Statement, the Treasury Management Strategy Statement and the Council's Prudential and Treasury Management Indicators.

It should be highlighted, as set out in the table below, that in the latter years, financing demands will increase. This is based on estimates of interest rates and on Council decisions yet to be taken on a number of significant proposed schemes along with estimates of future revenue funding from the Council's Rate base, central government funding and external funding for specific capital projects. Further consideration of affordability including the impact on revenue costs (i.e. impacts on service revenue budgets and financing costs) related to investment projects will be required.

Table 5: Projected Financing costs of Proposed Capital Plan

	2023/24 Estimate	2024/25 budget	2025/26 budget	2026/27 forecast	2027/28 forecast	2028/29 forecast
Financing costs (£m)	1.3	1.3	1.0	1.0	2.4	3.8
Proportion of net revenue stream	2.8%	2.5%	1.6%	1.6%	3.9%	6.6%

9. Revenue Income and Expenditure Financial Plan

A detailed plan of Revenue Income and Expenditure has been developed for 2024/25 following a process which considered key issues and risks facing the Council, highlighting rising costs particularly in relation to staff and overhead costs, increased income generation and some efficiency savings projected. The Estimates have been established during a continued period of financial uncertainty including the impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East. These ongoing factors, and any variations to them, may be significant due to the assumptions used in the Revenue Income and Expenditure Plan when compared to Actual position for 2024/25.

The Estimates have been developed without absolute certainty of the amount of Rate Support Grant and other central government funding of direct service grants receivable in 2024/25. The Department for Communities (DfC) and other central government Departments will not know their budgets for allocations to Councils until after the prescribed date of 15 February 2024 (the date on or before which Councils must strike a Rate).

These Revenue Estimates have been used as the baseline for preparation of a Forecast of Revenue Income and Expenditure for the 4-year period to 2028/29. These Forecasts are based on the following assumptions:-

- Staff costs include an overall annual increase of 4% in 2025/26 year, reducing to 3% thereafter. (No allowance for increased employer costs such as pension contributions, further national insurance costs or changes in posts and annual increments);
- Utilities (Electric, Heat), increased by 4% per annum;
- Other Fixed Costs (Insurance) increased by 5% per annum;
- Income across all service areas increased 2% per annum;
- Reduction in Service Delivery Costs - £500k in 2025/26; a further £500k in 2026/27;
- Other costs maintained, no adjustment made to account for any forthcoming

Corporate Plan development or priorities of future service delivery models and associated changes in Legislation or Regulations;

- Capital Expenditure in accordance with outline plans;
- Operational Income and Expenditure maintained in forecast for major redevelopments in the capital plan (further review required in future years due to timing of projects);
- Reserve transfers/movement at similar level except for the Covid Reserve which is utilised over 2 years;
- Estimated Penny Product maintained at the same level; and
- Central government grants remaining static.

Future Income and Expenditure forecasts must also take account of the following:-

- Council spending priorities linked to the Community Plan 2030 and Corporate Plan;
- The Council's Rates Base;
- Optimum levels of reserves and utilisation of funds available; and
- Development, prioritisation and delivery of the Council's Capital Investment Plans and associated financing to include the development of a Reserves Policy for the Council and consideration of the Council's affordable external borrowing limit.

Table 6: Four-Year Revenue Forecast 2025-2029

Service Area	2025/26 Forecast (£)	2026/27 Forecast (£)	2027/28 Forecast (£)	2028/29 Forecast (£)
Environment and Place	21,434,000	22,049,500	22,678,500	23,322,000
Community and Wellbeing	12,049,000	12,467,000	12,899,000	13,345,500
Corporate Services and Governance	4,533,000	4,654,500	4,780,000	4,909,000
Regeneration and Planning	4,821,000	4,975,500	5,135,000	5,299,000
Corporate Management	3,285,000	3,327,500	3,371,500	3,416,500
Total Net Budget	46,122,000	47,474,000	48,864,000	50,292,000
% increase in net expenditure	4.17%	2.93%	2.93%	2.92%
Transfers to Reserves	1,050,000	1,050,000	1,050,000	1,050,000
Financing of Capital Expenditure	2,400,000	2,400,000	3,500,000	4,900,000
Total expenditure to be funded by government grant and district rates	49,572,000	50,924,000	53,414,000	56,242,000
% increase in total expenditure	6.09%	2.73%	4.89%	5.29%
Service Delivery Realignment	-500,000	-1,000,000	-1,000,000	-1,000,000
Use of Covid Reserve	-600,000	-400,000	-	-
Total expenditure to be funded by central government grant and district rates	48,472,000	49,524,000	52,414,000	55,242,000
Estimate Central Gov. Support	-3,370,000	-3,370,000	-3,370,000	-3,370,000
Estimate to be raised from Rates Base	45,102,000	46,154,000	49,044,000	51,872,000

The four-year Revenue Forecast has been developed to support the Council in its decision making and risk management in the event that additional unexpected financial pressures arise. The Revenue Forecast will also support future policy and strategy decision making with regard to service delivery interlinked with future capital investment proposals in line with the objectives of the Community Plan and the Council's Corporate Plan.

Key assumptions in these forecasts relate to continued central government support, reducing inflationary pressures, increased income generation from services and an estimate of the annual agreed pay award for employees from 1 April 2024. Any significant changes to these will impact the Revenue estimates. No upward movement in the rates base has been projected in these figures, hence the gap between increasing costs, financing capital investment and a relatively flat income position, results in an overall forecast of increased rates. However, these represent a forecast only and will be revisited each year as part of the Rate Setting and Estimates process.

The Estimates Working Group highlighted the need for developing sustainable budgets that will meet Council priorities and in particular the need, in the short to medium term, to review strategy and policy linked to discretionary spend. This will likely include consideration of an updated Waste Strategy, Estates Strategy and People Plan and determination of the optimum balance of service delivery linked to both Revenue and Capital Plans whilst taking account of climate change and the longer term Council priorities.

The Council has in place a Financial Reserves Policy which outlines the principles used to assess the adequacy of Council Reserves, the use of Reserves and an associated reporting framework in compliance with relevant legislation, guidance and associated Codes of Practice. Effective management of this Policy is the Council's main approach to managing the current risks and ensuring financial stability in the medium-term which includes particular focus on the Council's Covid Reserve. The main purpose of the Covid Reserve is to defray some of the continued financial burden arising from the current economic pressures of rising costs and inflation in 2024/25 and subsequent years. Effective management of this reserve is one of the Council's main approaches to managing the current risks and ensuring financial stability together with the need to undertake a review of Council strategy and policy linked to the delivery of discretionary services and to continually undertake efficiency reviews of statutory budgets over the short to medium term. The Council also has a contingency reserve which is also available to support unforeseen significant increases in service delivery costs.

10. Summary

The Estimated Revenue Income and Expenditure and Capital Plan for the period 2024-2029 have been developed following consultation with the Estimates Working Group. These have been used as the basis for the Medium-Term Financial Plan which includes a series of forecasts to project the Councils financial position in a longer timeframe.

In compliance with the Finance Act (Northern Ireland) 2011 and associated Codes and

guidance a Capital Strategy, a set of Prudential Indicators, an Affordable Borrowing Limit, a Minimum Revenue Provision Policy Statement and a Treasury Management Strategy Statement have been developed.