

Public Document Pack

COUNCIL

TUESDAY 18 FEBRUARY 2025

SUPPLEMENT (2) – SETTING THE BUDGET 2025/26

Page (s)

9.	Setting the Budget 2025/26	3 - 10
	<p>The substantive report was published prior to receipt of the final local government finance settlement. This supplementary report advises Members of the funding for TMBC through the final settlement and recommends how the balance should be allocated.</p> <p>Revised Annex 10b – Savings and Transformation Strategy also attached.</p>	

This page is intentionally left blank

Cabinet

11 February 2025

Part 1 - Public

Recommendation to Council



www.tmbc.gov.uk

Cabinet Member	Matt Boughton – Leader of the Council Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Damian Roberts – Chief Executive Sharon Shelton – Director of Finance and Transformation
Report Author	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Setting the Budget 2025/26

1 Summary and Purpose of Report

- 1.1 The substantive report was published prior to receipt of the final local government finance settlement. This supplementary report advises Members of the funding for TMBC through the final settlement and recommends how the balance should be allocated.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Setting of the budget is required under statute

3 Recommendations

- 3.1 Cabinet is **RECOMMENDED** to:
- 1) Note the additional funding of £157,550 allocated through the Final Local Government Finance Settlement; and
 - 2) Endorse the transfer of this additional funding to the earmarked Transformation Reserve.

4 Introduction and Background

- 4.1 The final local government finance settlement was released on 3 February 2025, after the publication of the substantive report 'Setting the Budget 2025/26'.

- 4.2 In most years in the past the final settlement has differed only marginally (or not differed at all) from the provisional settlement. On this occasion the difference is more significant due to the inclusion of a new compensation grant relating to additional employers' national insurance costs which had not been announced at the provisional settlement stage.

5 Final Settlement 2024/25

- 5.1 Total grant funding for the year 2025/26 as shown in the table below is now £5,688,465 compared to £5,553,915 in the provisional settlement (see paragraph 6.11 of the substantive report). **This represents an increase of £157,550 (rounded) compared to the provisional settlement.**

	2025/26 Provisional £	2025/26 Final £
Local Share of Business Rates (baseline)	2,541,100	2,541,100
Revenue Support Grant	167,329	167,329
Settlement Funding Assessment	2,708,428	2,708,428
New Homes Bonus	517,013	517,013
Under-indexing of the Business Rates Multiplier	482,712	482,712
National Insurance Compensation Grant		157,550
Other Grants	37,310	37,310
Funding Guarantee / Funding Floor	1,785,452	1,785,452
Total Grant Funding	5,530,915	5,688,465

- 5.2 As suggested with last year's changes between the Provisional and Final Settlement, it is suggested that these additional funds be allocate to the Transformation Reserve for use on other Council projects.
- 5.3 Assuming this is supported, the 'General Fund Revenue Estimates 2025/26 Summary' listed as Annex 11 on the substantive report will be replaced by that set out at **[Annex A]**.

6 Financial and Value for Money Considerations

- 6.1.1 Additional funding of £157,550 will be transferred to the Transformation Reserve if Members support the recommendation.

7 Risk Assessment

- 7.1 As set out in the substantive report.

8 Legal Implications

8.1 As set out in the substantive report.

9 Consultation and Communications

9.1 As set out in the substantive report.

10 Cross Cutting Issues

10.1 Equalities and Diversity

10.1.1 As set out in the substantive report.

Background Papers	None
Annexes	Annex A – Revenue Estimates Summary 2025/26

This page is intentionally left blank

Savings & Transformation Strategy 2025/26 – 2034/35

INTRODUCTION

By way of context, since 2010/11 the Council has seen its Settlement Funding Assessment (core funding) decrease by some 59% or £3.9m (from £6.6m in 2010/11 to £2.7m in 2025/26). The fall in core funding has been, in part, negated by the grant award under the New Homes Bonus (NHB) scheme and other grant income.

In 2025/26, the Council will continue to receive Funding Floor Grant which means there is an in-year balanced budget without reliance on reserves. However, announcements on changes to core financial support to local authorities covering grants and Business Rates are due to take place during 2025/26, with an expected implementation for the 2026/27 Financial Year. This along with other external factors concerning the Council Refuse, Recycling and Street Cleansing contract are the two biggest estimated challenges for the financial outlook for the authority.

We are fortunate that we do not have to make all the required savings and transformation contributions in one year and can spread the challenge into ‘tranches’ as set out within the Council’s Medium Term Financial Strategy (MTFS).

Nevertheless, the Council have acknowledged that we need to balance residents’ expectations with the need to make these savings and transformation contributions and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

In the latest iteration of the MTFS it is assumed government grant funding and increased business rates income to be retained will reduce from circa £7.16m in 2025/26 to £3.48m in 2028/29 before seeing a modest increase year on year thereafter; where the latest projected funding gap between expenditure and income is **circa £2,800,000**. **Plus** the initiative already built into the MTFS, the scaling back of office accommodation in the sum of £200,000 and reductions in the costs and client numbers of Temporary Accommodation of £625,000.

OBJECTIVES

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings and transformation contributions in order to bridge the funding gap identified in the MTFS, and to deliver as much as possible in the earlier years in order to minimise risk to the Council’s finances.
2. To direct resources in line with the principles of the Council’s Corporate Strategy.
3. To maintain the Council’s reputation of good front line service provision.

4. To adopt a 'mixed' approach to addressing the funding gap through a series of 'themes'.
5. To be open to accept 'cultural' change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings.
6. To engage, as appropriate, with stakeholders when determining how savings and transformation contributions will be achieved.

THE STRATEGY

It is recognised that there is no one simple solution to addressing the financial challenge faced. The Council will need to embrace transformation in a multitude of ways in order to deliver the savings and transformation contributions within an agreed timescale.

This Strategy sets out a measured structure and framework for delivering the necessary savings and transformation contributions through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, with even greater efficiency – for example, with the help of new technology – and with increased income opportunities where circumstances allow this. It will in all likelihood also mean that services will simply need to be run with fewer resources, downsized or cease. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually.

Progress on identifying and implementing savings and transformational opportunities across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

Damian Roberts
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Matt Boughton
Leader of the Council

Kim Tanner
Cabinet Member for Finance and Housing

Savings & Transformation Strategy 2025/26 - 2034/35

Savings and Transformation Contributions Identified during 2024/25 £ 000's	Total Saving Achieved to Date £ 000's	Theme	Indicative Years	Target for April 2026 £ 000's	Target 2027 and Beyond £ 000's
	648	In-Service Efficiencies	2025 - 2030	80	600
310	776	Service Change & Reduction	2025 - 2030	120	500
	270	Organisation Structure Change	2025 - 2030	100	200
863	1775	Income Generation & Cost Recovery	2025 - 2030	300	400
	866	Contracts	2025 - 2030		300
10	443	Partnership Funding	2025 - 2030		20
	313	Asset Management	2025 - 2030		180
873	5,091	TOTAL		600	2,200

Note: This Strategy will be updated on at least an annual basis to reflect challenges set out in the Medium Term Financial Strategy.

The funding gap identified will be aligned with the both the Corporate Strategy and the Annual Service Plan during 2025/26.

Savings & Transformation Strategy updated February 2025.

This page is intentionally left blank