

REVENUE ESTIMATES 2024/25

Item OS 24/9 referred from Overview and Scrutiny Committee of 25 January 2024

The report of the Director of Finance and Transformation and the Cabinet Member for Finance and Housing referred to the responsibility of the Cabinet under the Constitution for formulating initial draft proposals in respect of the Budget. Reference was made to the role of the Overview and Scrutiny Committee in assisting the Cabinet and the Council in preparation of the Budget for 2024/25 within the context of the Medium Term Financial Strategy (MTFS) and the Council's priorities.

Attention was drawn to the difficulties experienced within the budget setting process of incorporating the current economic impacts of inflationary effects and the ongoing conflict in Ukraine and its impact on global economic conditions both next year and over the medium term. Other financial considerations included the better than anticipated provisional local government finance settlement for 2024/25, an allocation for New Homes Bonus and the ability for district councils to increase council tax up to 3%, or £5 whichever was greater. However, the future financial position remained challenging as there was no indication of future core funding beyond 2024/25 or certainty around the future of New Homes Bonus.

In addition, business rates (NDDR) receipts were higher than originally expected and this, coupled with the 'one-off' release of business rates appeals provision, provided a rare opportunity to set aside a significant amount of funds in earmarked reserves to assist in delivering the Borough Council's key priorities. Therefore, additional reserve contributions totalling £4.495m to support temporary accommodation, regeneration of Tonbridge town centre, climate change, transformation and the Local Plan was proposed. The proposal was supported by Members as detailed in 1.10 of the report.

However, due to the threat of reducing external funding from Government (as detailed in 1.13.7) coupled with increased costs creating a 'funding gap' the need to deliver savings remained. Based on the provisional finance settlement, the MTFS had been remodelled and the 'funding gap' was estimated to be in the region of £1.78m, plus £200k to be delivered from office accommodation and £400k in respect of the cost of temporary accommodation.

Finally, to support scrutiny of the Revenue Estimates information had been provided as whether a service was mandatory or discretionary (attached at Annex 3) and this was welcomed by Members.

Careful consideration was given to the draft Revenue Estimates 2024/25 (detailed in Annex 1) and officers responded to questions raised by Members related to estimates/costs for temporary accommodation, agency fees for staff; recycling credits and parking. There were no further recommendations in respect of the Revenue Estimates identified.

RECOMMENDED*: That

- (1) the draft Revenue Estimates (attached at Annex 1) be endorsed for consideration by Cabinet at its special meeting on 13 February 2024;
- (2) the additional earmarked reserve contribution, as set out in 1.10, be noted; and
- (3) the Savings and Transformation Strategy be updated to reflect the latest projected funding gap as part of the budget setting process.

***Recommended to Cabinet**