

SETTING THE BUDGET 2024-25

Item CB 24/22 referred from Cabinet of 13 February 2024

Further to the reports to the Overview and Scrutiny Committee earlier in the cycle, the joint report of the Interim Chief Executive, Director of Finance and Transformation, the Leader and Cabinet Member for Finance and Housing updated the Cabinet on issues relating to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2024/25.

Members noted that, as at the time of publishing the report the final settlement had not been confirmed, all figures contained in the report were based on the provisional local government financial settlement received in December 2023, which was better than anticipated and saw an overall funding increase on 2023/24 of £416,000 (7.7%).

The Director of Finance and Transformation advised that the final local government finance settlement figure was now confirmed as detailed in the supplementary report published in advance of the meeting. Whilst, the final settlement was more than the provisional settlement by £175,850 all councils were now required to prepare and submit a productivity plan by July 2024 setting out how they intended to 'improve performance and reduce wasteful expenditure'. It, therefore, seemed appropriate to transfer the additional funding to the earmarked 'Transformation Reserve' on the grounds of supporting the preparation and delivery of a productivity plan and one of the core values set out in the Corporate Strategy.

As a result of increased NNDR receipts, the release of NNDR appeals provision and the better-than-expected settlement the Borough Council had a balanced budget for 2024/25 and had been able to set aside funds in earmarked reserves for key priorities identified within the Corporate Strategy. However, the Settlement Funding Assessment (SFA) was for one year only and the Fair Funding Review deferred to a future date. This further prolonged the uncertainty over local government funding and it was predicted that future funding was likely to be lower. Members recognised that the current global economic conditions had also added to the uncertainty in the scale of the funding gap over the past twelve months. As reported to the Overview and Scrutiny Committee in January 2024, the latest projected funding gap was £1,705,000 over the medium term. This represented new savings that needed to be identified and delivered.

With regard to the Capital Plan, it was reported that the Borough Council was currently debt free. It was noted that, based on current projections, from 2029/30 the Borough Council might need to borrow to fund expenditure (as detailed in 1.7.8). Four schemes had been identified for fast track evaluation and these were food waste collections at communal properties, wetside changing room refurbishment and installation of air source heat pumps at Larkfield Leisure Centre and replacement boilers at the Angel Centre.

The report then described the remaining procedure to be followed in setting the budget for 2024/25 and calculating the council tax. For the purposes of preparing the budget papers and updating the MTFS a council tax increase of 3% for 2024/25 had been assumed followed by the higher of 2% or £5 each year thereafter. This meant a council

tax increase for Band D property for 2024/25 of £238.16, which equated to a cash increase of £6.93 per annum.

The Cabinet deliberated on the most appropriate guidance to offer the Council as the way forward for updating the MTFs for the next ten year period and setting the council tax for 2024/25. Members were advised of details of special expenses for the same period.

An updated copy of the Savings and Transformation Strategy was presented, including revised outline targets and timescales for each of the themes totalling £1,705,000 (as detailed in Annex 10b)

Finally, the Director of Finance and Transformation explained the basis on which the statement to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the required savings and transformation contributions based on the latest projections in the sum of £1,705,000 together with the initiatives already built into the MTFs (i.e. the scaling back of office accommodation in the sum of £200,000 and reductions in the use of Temporary Accommodation of £400,000) are delivered in the timeframe assumed in the Medium Term Financial Strategy. Reference was also made to the calculation of the Borough Council's council tax requirement as outlined in 1.16 and attached at Annex 17.

***RECOMMENDED:** That

- (1) the Revenue Estimates, as presented to the Overview and Scrutiny Committee earlier in the cycle, together with the earmarked reserve contributions (set out at 1.5.2), with the subsequent adjustments detailed at paragraph 1.5.3, be endorsed and adopted by the Council;
- (2) the Capital Plan be updated, as set out in paragraph 1.7.13, and adopted by the Council;
- (3) the Capital Strategy, as presented to the Overview and Scrutiny Committee earlier in the cycle, be endorsed and adopted by the Council;
- (4) the prudential indicators listed in paragraphs 1.8.7, including the new liability benchmark indicator, and 1.8.11 be endorsed and adopted by the Council;
- (5) for the financial year 2024/25 the Borough Council's annual minimum revenue provision be noted as 'nil';
- (6) the updated MTFs, set out at Annex 10a be noted and endorsed;
- (7) the updated Savings and Transformation Strategy, attached at Annex 10b, including the proposed scale and timing of each of the required savings and transformation contributions, as set out at paragraph 1.11.4, be noted and endorsed;
- (8) the special expenses calculated in accordance with the Special Expenses Scheme and set out at Annex 13b, be endorsed;

- (9) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves, as set out at Annex 16a, be noted and endorsed;
- (10) the calculation of the Borough Council's council tax requirement at Annex 17 be noted;
- (11) the additional funding of £175,850 allocated through the Final Local Government Finance Settlement be noted;
- (12) the transfer of this additional funding to the earmarked Transformation Reserve be endorsed; and
- (13) the new requirement to submit a productivity plan by July 2024 be noted.

***Recommended to Council**