

Report for: Cabinet

Date of Meeting:	7 January 2025
Subject:	2025/26 Budget Update
Cabinet Member:	James Buczkowski – Cabinet Member for Governance, Finance and Risk
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Appendix 1 – Revised General Fund, Housing Revenue Account and Capital Programme Appendix 2 – Fees & Charges – For Approval Appendix 3 – Fees & Charges – For Noting

Section 1 – Summary and Recommendation(s)

To present to Member's the revised budget position after the Government Funding Settlement was announced on the 18 December 2024.

Recommendation(s):

- 1. Cabinet note and approve the revised position.**
- 2. Cabinet approve and note the comprehensive Fees & Charges included in Appendices 2 and 3.**

Section 2 – Report

1.0 Introduction

- 1.1 The Council's budget has been reviewed and considered at a number of PDG and Cabinet meetings over the past few months and at the most recent meeting of Cabinet on the 10 December 2024 had an estimated budget gap of £191k for the General Fund, a budget gap of £515k for the Housing Revenue Account (HRA) and a funded Capital Programme.

2.0 Impact of the Funding Settlement

- 2.1 On the 18 December 2024 the Government announced the national Funding Settlement for all Councils. This has clarified a number of items, but has also left some key issues, notably the compensation funding for the National Insurance increase, until the final settlement which is not made until mid-January. Initial modelling, based on the methodology they included in the Funding Settlement indicates that Councils are unlikely to receive the full quantum of these increased costs.
- 2.2 Appendix 1 summarises the key components of our Funding Settlement, which is effectively a cash freeze grant position, leaving our Core Spending Power (CSP) frozen at £11.7m. The Government calculation of Council's CSP is based on increasing Council Tax by the maximum permissible Referendum Limit, an inflationary increase in Business Rates and then adding in all available non-ring fenced grants.
- 2.3 The impact of the Funding Settlement, confirmations on grant funding that sit outside of this, our initial view on the National Insurance compensation and some further reflections on a few areas that need to be adjusted since the £191k budget gap reported to the 10 December 2024 Cabinet meeting, we now have a potential new gap of circa £450k. Work is still ongoing to finalise this position in order to recommend a balance budget at the Cabinet meeting on the 4 February 2025.
- 2.4 In addition to the revised budget position we have also received feedback from our Resident Survey. This has indicated a similar level of budgetary prioritisation as in previous surveys but has also indicated a very positive direction of customer satisfaction across a number of categories of service delivery and performance. A detailed report on this will be included on the February Cabinet agenda.

3.0 HRA update

- 3.1 The Funding Settlement had no impact on the HRA, however Appendix 1 shows that since the December Cabinet meeting a number of additional/revised costs have been identified. However, they have been offset by savings and other measures have resulted in a balance HRA budget.
- 3.2 This revised balanced budget position has taken account of the rent corrections referred to previously and some of the additional funding from changes to the utilisation of Right to Buy Receipts and additional funding available from Homes England. Both of these changes will effectively reduce the quantum of borrowing that has been estimated to fund the Housing development strategy.

4.0 Capital Programme update

- 4.1 Since the December update the core project costings remain unaltered, however, work is still ongoing to finalise the overarching funding position as new/improved announcements have been made by Govt. over the past weeks which will predominantly focus on the HRA development programme, e.g. changes to Right to Buy and support from Homes England as referred to in paragraph 3.2 above.

5.0 Fees and Charges

- 5.1 The Council has a wide cross section of fees and charges, some are discuss/recommended at PDGs, others are delegated to Members and/or officers and some require agreement by Cabinet. In order to provide a comprehensive picture of all of our fees/charges 2 appendices have been included, one for Cabinet agreement and the other simply for noting.

6.0 Conclusion

- 6.1 Now we have received the provisional Funding Settlement we can move forward with finalising the budget. The Housing Revenue Account and Capital Programme are substantially complete, but officers are still working on the General Fund position to reduce the current estimated budget gap of £450k before the final Cabinet meeting in February 2025.

Financial Implications

By undertaking regular reviews of the MTFP the Council can ensure that its Corporate Plan priorities are affordable. The implications of the budget gap are set out within the paper. Many areas require greater clarity, particularly around national funding and

possible changes to Government Policy. Therefore a number of key assumptions underpin the reported position, which will be refined as greater clarity is received through the budget setting process.

Legal Implications

None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

Risk Assessment

The MTFP makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. These continue to be kept under review and updated where necessary.

Impact on Climate Change

The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years. However, some provision has already been included in the base budget. Significant investment is currently forecast within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

Equalities Impact Assessment

No implications arising from this report.

Relationship to Corporate Plan

The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan priorities.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 20 December 2024

Statutory Officer: Maria De Leburne

Agreed on behalf of the Monitoring Officer

Date: 20 December 2024

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 20 December 2024

Performance and risk: Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 20 December 2024

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett – Deputy Chief Executive (S151)

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Background papers:

- Cabinet Papers: 10 December 2024 and 15 October 2024
- Govt. Grant Funding Settlement