

# **Guildford Borough Council**

Report to: Executive

Date: 25 January 2024

Ward(s) affected: All

Report of Director: Ian Doyle, Transformation and Governance

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Report Status: Open

## **General Fund Revenue Budget 2024-25 and Medium-Term Financial Plan 2024-25 to 2026-27**

### **1. Executive Summary**

- 1.1. This report sets out the draft General Fund Budget for 2024/25 and Medium-Term Financial Plan (MTFP) ending 2026/27.
- 1.2. The work on the 2024-25 budget and the £18.3m MTFP gap has been undertaken as part of the Financial Recovery Plan agreed in August 2023.
- 1.3. The outputs from the various workstreams of the Financial Recovery Plan are set out within the report and have reduced the budget gap by £15.9m.
- 1.4. The MTFP sets out the key work streams for the Council to focus on over this period which, collectively, aim to address the remaining £2.4m budget gap across the MTFP period, and prepare for future capital financing costs and funding risks.

- 1.5. Significant progress has been made since the report to Council in July 2023, but the agreed savings plans need to be delivered and the remaining budget gap needs to be addressed.
- 1.6. Strengthened financial reporting and processes need to be embedded in the Council and foundations of a financially resilient council.

## **2. Recommendation to Executive**

The Executive is asked to recommend the following to Council (at its Budget Meeting on 7 February 2024):

- (1) That the General Fund Budget for 2024/25 as summarised in Appendix 1, incorporating the budget variations included at Appendix 2, be approved.
- (2) That a 2.99% increase in Guildford Council's Band D Council Tax Charge for 2024/25, be approved with resultant increases to the other council tax bands.
- (3) That the Council's existing Local Council Tax Support Scheme, with uprating as set out in Appendix 6 and the £40,000 discretionary hardship fund that runs alongside it, be continued.
- (4) That, from 1 April 2025, the Council varies its determination of 26 February 2019 under Section 11B of the Local Government Finance Act 1992, so that the long-term empty dwelling levy starts after a property has been empty and unfurnished for one year.
- (5) That, from 1 April 2025, the Council will charge a premium (levy) of 100% on periodically used dwellings as defined by section 11C of the Local Government Finance Act 1992.
- (6) That the schedule of Fees and Charges, as set out in Appendix 3 to this report, be approved.
- (7) That the use of the 2023-24 underspend as set out in paragraph 8.5 of this report, be approved.

### **3. Reasons for Recommendation:**

- 3.1. The General Fund Budget is a major decision for the Council and setting a balanced budget is a statutory requirement.
- 3.2. Scrutiny of these MTFP and Budget proposals demonstrate transparency and good governance.
- 3.3. The Council has been well positioned to respond to these challenges and whilst the latest MTFP for the subsequent years ending 2026/27 continues to project future financial pressures, and opportunities, the Council is able to take action to ensure sufficient funding is in place to deliver and maintain services.

### **4. Exemption from publication**

- 4.1. No part of this report is exempt from publication.

### **5. Purpose of Report**

- 5.1. The Medium-Term Financial Plan (MTFP) is the Council's key financial planning document which takes account of all the various currently known factors and influences that may impact on the Council's General Fund for the forthcoming financial years up to and including 2027/28. These factors are both within and beyond the Council's control and include general macro-economic conditions, Government funding plans and restrictions, current expenditure patterns, inflation, planned changes to service delivery, changing demand for services, and changes affecting our sources of independent income etc.
- 5.2. The MTFP also includes the identification of the risks that the Council has identified that it faces. These are set out in the S151 Officer's Section 25 report in Appendix 4.
- 5.3. The MTFP looks forward over the next three years to anticipate the spending pressures faced by the Council. In light of the changing economic picture, planning now to meet expected and known changes in the future provides greater opportunity to mitigate the impact.

## **6. Strategic Priorities**

- 6.1. The budget underpins the Council's strategic framework and delivery of the Corporate Plan

## **7. Background**

- 7.1. The Council agreed the 2023-24 budget in February 2023 with a £3.1m shortfall requiring further work to remove this gap, with the fallback position being the deployment of usable reserves.
- 7.2. An updated MTFP position was presented to the Council in July 2023 which set out the key issues and the position in which the Council was now left. In summary this was:
  - a remaining in-year deficit of £1.7m and a budget gap of £18.3m over the MTFP period to 2026-27.
  - Usable reserves reduced from around £30m to £8.4m due to several accounting errors identified during the audit process.
  - A further report to be issued to Council in October 2023 with a decision on whether it would be necessary to issue a s114 notice.
- 7.3. With this revised position, further use of reserves to balance the in-year position was deemed to be unacceptable and a Financial Recovery Plan was presented to Council in late August which set out:
  - Immediate measures to bring the current year budget back into balance.
  - The establishment of 8 workstreams to deal with the budget deficit over the MTFP period.
  - The establishment of a Financial Services Workstream to review all financial processes, policies, and procedures, to strengthen the team, re-establish a business partnering approach and provide robust budget monitoring across the Council, tailored to the different audiences.

## **8. Current-year (2023-24) Update**

- 8.1. The Financial Recovery Plan introduced two immediate key actions, firstly a recruitment freeze, with all vacant posts frozen and secondly a moratorium on non-essential expenditure. For both actions, a process was established to allow for exceptions to be reviewed by the Financial Control Panel, for example where Health and Safety concerns were raised, or serious service impact was identified.
- 8.2. Budget monitoring was established from Period 4 onwards and this allowed all budgets to be reviewed and potential in-year savings identified.
- 8.3. By Period 6, sufficient plans were in place to balance the in-year position and, in the report to Council in October 2023, the interim s151 officer concluded that sufficient progress had been made to avoid the need for a s114 report to be issued but that significant work was still required to produce a balanced budget for 2024-25 and beyond.
- 8.4. Work has continued since then, with budget monitoring improved and expanded each month, and the current position shows a projected year-end underspend of around £1m.
- 8.5. The underspend will be used to meet several one-off pressures in 2024-25 which are set below:
  - Revenue costs for Shaping Guildford's Future project: £200k
  - Health and Safety improvements at Woking Rd Depot: £25k
  - Air Quality match funding: £200k (£40k per annum for 5 years)
  - Local Plan Review preparation: £100k
  - Microsoft Licences for 2024-25 and 2025-26: £500k

## **9. Medium Term Financial Plan Update**

- 9.1. The revised budget agreed by the Council in July 2023 showed a projected budget gap over the MTFP period of £18.268m.

	<b>2023-24 Approved £'000</b>	<b>2024-25 Forecast £'000</b>	<b>2025-26 Forecast £'000</b>	<b>2026-27 Forecast £'000</b>
Deficit / Surplus in-year	3,100	8,694	5,865	609
Cumulative Deficit	3,100	11,794	17,659	18,268

### Funding Assumptions

9.2. The funding assumptions used were as follows:

	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Council Tax	11.253	11.851	12.207	12.575
CT surplus	0.140	0	0	0
Business Rates	3.670	3.211	3.093	3.093
New Homes Bonus	1.283	0	0	0
Services Grant	0.199	0.114	0.114	0.114
Revenue Support Grant	0.134	0	0	0
Funding Guarantee	0	0	0	0
<b>TOTAL</b>	<b>16.161</b>	<b>15.176</b>	<b>15.414</b>	<b>15.782</b>

### Council Tax

- 9.3. The 2023 finance settlement confirmed that capping rules for District Councils in 2023-24 and 2024-25 would be a maximum increase of 2.99%. For Guildford, 1% on Council Tax equates to around £116k of funding.
- 9.4. The mid-year taxbase estimates have been submitted to DLUHC and show an increase of around 1.2% from last year. This is a small increase from the 1% assumed in the original MTFP estimates.
- 9.5. The Local Council Tax Support Scheme is reviewed annually. It helps residents on low incomes with their Council Tax. Since it was introduced on 1 April 2013, the scheme rules have evolved. The annual discretionary hardship fund of £40,000 supports claimants affected by our local rules. It is recommended that the current

scheme continues with the normal uprating of values to ensure that the help given does not unduly reduce due to inflation and that the £40,000 discretionary hardship fund continues. The uprated figures are set out in Appendix 6.

### Second and Long-Term Empty Homes

- 9.6. The Levelling-up and Regeneration Act 2023 amends the Local Government Finance Act 1992 to allow billing authorities to incentivise the occupation of empty and periodically used “second home” properties through a Council Tax Levy.

### Long Term Empty Homes

- 9.7. Since 1 April 2013 we have been able to determine a local levy payable on long-term empty unfurnished properties. We are charging the largest permitted levy on these properties:

Period Empty	Maximum Levy
<5 years	100% (ie we double the charge)
>= 5 years <10 years	200%
>=10 years	300%

Regulations define a “long-term empty dwelling” as a property where for a continuous period of at least two years it has been:

- (a) unoccupied, and
- (b) substantially unfurnished.

- 9.8. With effect from 1 April 2024, the Levelling-up and Regeneration Act 2023 reduces the continuous period from two years to one year. It also introduces a requirement to follow any guidance issued by the Secretary of State. At the time of writing, there is no guidance. Officers expect guidance to include scenarios where it may be inappropriate to charge the levy. We have, however, been successfully collecting the existing levy since April 2013.
- 9.9. Officers estimate that charging the levy after one year could raise around £650k p.a. (split between the borough and the county). This would be offset by an estimated charge of £63,889 p.a. on Council owned properties. However, the levy should be seen as an incentive

to move properties back into occupation, rather than an ongoing source of income.

- 9.10. Section 11B of the Local Government Finance Act 1992 allows the Council to make, vary or revoke a determination regarding the long-term empty levy for a financial year, but only before the beginning of the year. In the absence of the final government guidance, it is proposed to recommend the change from 1 April 2025 to allow us to receive and to make the change alongside the Periodically Used Properties change outlines below.

### Periodically Used Properties

- 9.11. Whilst these are generally referred to as "second homes" the actual definition is that:

- (a) there is no resident of the dwelling, and
- (b) the dwelling is substantially furnished.

This therefore includes furnished properties between lets, and other furnished properties not considered to be someone's sole or main residence under the Council Tax regulations.

- 9.12. The Levelling-up and Regeneration Act 2023 allows the Council to introduce a premium (levy) on periodically used properties of up to 100% (i.e. we double the charge).
- 9.13. We must make our first determination at least one year before the beginning of the financial year to which it relates. As a result, the earliest such a levy can start is 1 April 2025. After the first determination we can vary or revoke the determination before the start of the financial year concerned.
- 9.14. We must have regard to any guidance issued by the Secretary of State. Additionally, the Secretary of State can prescribe classes of dwelling in relation to which we cannot make a determination. At the time of writing, no guidance or regulations have been received. The Council can vary its first determination before 1 April 2025, should it need to do so.

9.15. Officers estimate that a levy of 100% would raise a total of around £1.04m p.a. on around 430 homes. This would be shared with the County Council. As with the long-term empty levy, this should be seen as an incentive to move properties back into full-time occupation, rather than an ongoing source of income.

### Business Rates

9.16. A reset of the business rates baseline has been anticipated for several years, with the implementation of the Fair Funding Review. It has now been confirmed that this will not take place in the current parliamentary term.

9.17. The business rates multipliers for 2024-25 were confirmed in the Chancellor's Autumn Statement. The small business rates multiplier was again frozen, and compensation is given to local authorities for the loss of inflation via s31 grant.

### New Homes Bonus (NHB)

9.18. A new scheme was due to be introduced two years ago but has still not even reached consultation stage. A further single year, one-off allocation has now been confirmed for 2024-25. The value has reduced from £1.283m in the current year to £697k for 2024-25. No indications have been given over the future of this grant beyond next year.

### Other Non-ringfenced Grants

9.19. In the current year, £0.119m of Services Grant and £0.114m of revenue support grant have been received.

9.20. The finance settlement has confirmed sums of £0.019m of Services Grant and £0.122m of Revenue Support Grant for 2024-25.

9.21. In the 2023-24 settlement, a funding guarantee was included which guaranteed all councils a minimum increase of 3% in Core Spending Power. This has now been extended to 2024-25 and means that the reduction in New Homes Bonus and Services Grant will be compensated via Funding Guarantee Grant for 2024-25.

9.22. The overall change in funding for 2024-25 is summarised in the table below:

	2023-24	2024-25 Estimate (July '23)	2024-25 (Prov. Settlement)
	£	£	£
Council Tax	11,392,760	11,851,000	11,868,100
Business Rates	3,152,126	3,211,000	3,317,992
<u>Non-Ringfenced Grants</u>			
Services Grant	118,442	114,000	18,637
Revenue Support Grant	114,006	114,000	121,557
New Homes Bonus	1,282,629	0	697,500
Funding Guarantee	0	0	824,919
<b>TOTAL Non Ring-fenced grants</b>	<b>1,515,077</b>	<b>228,000</b>	<b>1,662,613</b>
<b>TOTAL Funding</b>	<b>16,059,963</b>	<b>15,290,000</b>	<b>16,848,705</b>

9.23. The overall effect is a £147k increase in non-ring fenced grants from 2023-24. In comparison with the July 2023 MTFP update, this is £1.434m more funding than previously assumed for 2024-25 and therefore reduces the budget savings required by that amount.

### Cost Pressures

9.24. Inflation remains high, with the latest CPI figure (October 2023) at 4.6%. Whilst significantly down from the October 2022 peak of 11.1%, this still remains well above the Bank of England target of 2%.

9.25. The Council still has most services provided in-house, so contract inflation is less of an issue than the pay-award. However, an annual allowance of £500k has been provided to cover areas such as ICT contracts, cleaning, and maintenance costs.

## Pay Award

- 9.26. The pay award for Guildford Borough Council is negotiated locally and has not yet been agreed for 2024-25.
- 9.27. The MTFP assumptions have been based upon an increase of 4% for 2024-25, with 3% in the following years. This will be subject to negotiation and whilst this is the budget for the overall increase, it could be applied differently across the pay scales. Note – an additional 1% on the pay award would add an extra £0.5m to pay related costs (including on-costs)

## Capital Programme Review and Asset Disposals

- 9.28. Around half of the projected £18.3m MTFP gap relates to capital financing costs. This is due partly to the Council's ambitious capital programme and due to the fact that the cost of borrowing has increased significantly since many of the major schemes in the capital programme were approved.
- 9.29. It was anticipated that total borrowing for the Council would peak at £600m (including £150m of HRA debt) prior to land sales on the Weyside Urban Village (WUV) scheme which will generate capital receipts to repay some of the debt.
- 9.30. Proposals were agreed by Council in December 2023 to reduce the existing approved and provisional capital programme by £96.6m. This mainly removed future investment in commercial property and North Downs Housing. This change has reduced both the projected interest costs from the additional borrowing that was assumed to be required and also the Minimum Revenue Provision costs (depreciation) which are incurred once capital schemes are completed.
- 9.31. In addition, the Council has established an Asset Disposal Programme which is reviewing all of the Council owned assets to determine which are the most appropriate to dispose of in terms of net running costs, value and service usage. A target of £50m has been set from the asset disposal programme which will be delivered in a planned and controlled manner to ensure best value is received. The capital

receipts are expected to be delivered by the end of the 2026-27 financial year.

- 9.32. An additional benefit will be reduced running and maintenance costs from a smaller asset estate, but these are not yet factored into budget projections as any loss of income will also need to be addressed.
- 9.33. Together, these actions will reduce the Council's peak borrowing requirement to around £450m, prior to WUV land receipts.

#### Policy Change

- 9.34. The Council has several large capital projects underway at present (Ash Road Bridge and WUV). Although the MRP changes are not made until the scheme is in operation, interest costs were previously factored into the cost of borrowing from the point of drawdown of the loans. Standard practice is to capitalise the interest on such schemes until operational and treat these as a cost of the project. This has been implemented during 2023-24.
- 9.35. The borrowing costs for the WUV scheme were previously being calculated using scheme specific loans. This has now been amended so that any capital financing is done corporately, and the pooled interest rate applied to all capital schemes.
- 9.36. Interest payable to the HRA has historically been calculated including sums held as capital receipts. This is not required by the regulations and has now been ceased, benefitting the General Fund. Also, interest in the SANG should only include 35% of historic sums and has previously been applied to 100%. This has now been amended.
- 9.37. A review of the consultancy costs charged to capital projects has allowed a reduction of £124k in the cost of staffing within the major projects revenue budget.

#### Unavoidable Budget Pressures (Growth bids)

- 9.38. Even with the financial pressures facing the Council, there will always be a number of issues which require additional funding. These are set out below:

- Enforcement of new requirements for private sector housing in relation to Damp and Mould: £124,000
- Health and Safety at Woking Rd Depot: £60,000
- Case worker for Revenues and Benefits due to increased case numbers: £37,500
- 150% national increase in External Audit cost: £180,000
- Planning staffing: £300,000
- Senior Structure (statutory posts): £20,000
- Microsoft licences: £27,500. Plus £250k per annum additional from 2026-27.
- Annual elections contribution: £110k from 2025-26
- Members' Allowances – frozen for 2024-25 then review implemented from 2025-26 (subject to further consideration of IRP's Report in December 2024)

### Contract Management

- 9.39. A review is being undertaken to establish a contract pipeline over the MTFP period, so that renewal of contracts can be managed in a more planned and efficient manner.
- 9.40. The first major opportunity identified is the utility contract which is due for renewal in September 2024. Early work has identified the potential for £1m to be saved compared to the current arrangements and this has been factored into the MTFP.
- 9.41. The contract for G-Live is currently being tendered with a view to allowing more flexibility to the operator and removing the current annual subsidy of £275k per annum.
- 9.42. Similarly, negotiations are on-going with the operator of Spectrum Leisure Centre which will see an additional £90k income raised for 2024-25.
- 9.43. The contract for telephony, including mobile phones, has been re-tendered with an annual on-going saving of £100k.

9.44. A programme of contract and supplier management improvements is also being developed which should help deliver further savings in due course.

#### Income Generation / Fees and Charges

9.45. A full review of fees and charges has been carried out across the Council. Increases were kept minimal for 2023-24, despite inflation of 11% during that period.

9.46. Some charges are set nationally and there is therefore no local leeway on these.

9.47. Of these nationally set increases, planning fees are being increased significantly and will more than make up for a shortfall against budget in the current year, which has resulted from the economic downturn.

9.48. Increases in fees and charges have been deemed preferable to cuts in services, so a minimum increase of 5% will be applied for 2024-25. This will generate around £250k extra compared to the current year.

9.49. Some fees and charges are calculated on a full cost recovery basis and have not been looked at in detail for some time. Specific reviews have been undertaken, together with benchmarking against other local authorities, for Car Parking, Garden Waste Collection, Building Control, Land Charges, Legal Services.

9.50. A full schedule of fees and charges for 2024-25 is set out in Appendix 3.

#### Other Budget Savings

9.51. The initial budget review exercise identified Car Parking income of £937k in excess of the base budget and an unused inflation allowance for 2023-24 of £283k.

9.52. There were, however, two base budget issues identified where income was budgeted without the corresponding expenditure. These have been corrected for Elections reserve (£250k) and homelessness grant (£334k)

- 9.53. Income from Penalty Charge Notices has increased beyond the budgeted sum by around £80k since the transfer of on-street parking back to the County Council.
- 9.54. Changes to the waste service such as the removal of bring banks and charging for some bins / bags will generate an additional £52k income.
- 9.55. The provision of hanging baskets within the town centre will be paused for 2 years, saving £50k per annum. Sponsorship will be looked at where possible to maintain the service.
- 9.56. The feasibility studies budget of £53k has been removed.
- 9.57. Support for the Business World (Finance and HR) ICT system has been brought back in-house with a saving of around £35k.
- 9.58. New Parish Grants have been ceased from April 2024 with a saving of £182k. The LCTSS grant to parishes has been maintained for 2024-25 but will be cut by £45k from 2025/26.
- 9.59. The triennial review of the local government pension scheme has generated savings of £147k for 2024-25 and a further £159k for 2025-26.
- 9.60. The review of management agreements in January 2023 for the Yvonne Arnaud Theatre agreed a reduction of £36k in the management fee for 2024-25.
- 9.61. The Community Services department is undertaking a restructure which will produce savings of £300k.
- 9.62. Local Enterprise Partnership (LEP) functions are transferring back to County Councils from April 2024 and our contribution of £50k will be discontinued.
- 9.63. Central budgets for travel, training, staff expenses have been significantly underspent since the pandemic and will now be reduced, saving a total of £420k.
- 9.64. Better management of the staffing establishment will enable the vacancy credit to be increased from 2% to 5%. This allows for the

period where posts are vacant prior to recruitment of replacement staff.

### Collaboration with Waverley Borough Council

- 9.65. £100k staffing has already been agreed for the business transformation/ collaboration team and this will now be added to the base budget.
- 9.66. A further £200k of additional staffing has been requested as part of the overall collaboration business case and this has been built into the budget together with a corresponding savings target.
- 9.67. A proposal is being worked on to establish a joint parking enforcement team which is estimated to save around £60k for the Council.

## **10. Revised MTFP Position**

- 10.1. The table below summarises the impact on the MTFP gap from the measures outlined above.

	<b>2023-24 Approved £'000</b>	<b>2024-25 Forecast £'000</b>	<b>2025-26 Forecast £'000</b>	<b>2026-27 Forecast £'000</b>
Deficit / Surplus in-year (as at July 2023)	3,100	8,694	5,865	609
On-going savings in July 23 report	(1,600)			
Reduced borrowing costs – capital programme reduction		(2,250)	(275)	(150)
Reduced borrowing costs – capital receipts. {details not yet identified}			(1,200)	(1,300)
Income reviews	(900)	(1,793)		
Contract renewals		(828)	(637)	
Other e.g., grants		(232)	(45)	(12)
Base budget adjustments		(636)		

	<b>2023-24 Approved £'000</b>	<b>2024-25 Forecast £'000</b>	<b>2025-26 Forecast £'000</b>	<b>2026-27 Forecast £'000</b>
Capital projects – capitalisation of interest and staffing		(1,424)	(2,809)	2,431
Change in Funding Assumption		(1,434)		
Other budget savings		(1,387)	(159)	50
Collaboration / Business Transformation		300 (260)		
Growth (not in July figures)		650		
<b>Remaining Gap</b>	<b>600</b>	<b>(600)</b>	<b>740</b>	<b>1,628</b>
<b>Cumulative Gap</b>	<b>600</b>	<b>0</b>	<b>740</b>	<b>2,368</b>

10.2. Although the 2023-24 in year position was balanced, some of the savings were delivered through one-off items such as from the freeze on vacancies and discretionary spend. An additional sum of £600k was therefore required in base budget savings for 2024-25 to balance the on-going budget.

10.3. The table at paragraph 10.1 above summarises how the gap identified in the report to July Council has been addressed. The position for 2024-25 is now balanced but there still remains a sum of £2.7m to be addressed in the remainder of the MTFP period. This could increase if current government funding levels are not maintained in the future.

10.4. The borrowing costs for the WUV scheme will also need to be met from 2027-28 onwards, so further work is still required to deal with the financial impact of this.

#### Further Work beyond setting the 2024-25 Budget

10.5. Work will continue after setting the 2024-25 budget and will need to cover various areas such as:

- Consideration of different service delivery options

- Collaboration opportunities
- Income generation
- fees and charges detailed reviews (including regulatory, trade waste, crematorium, planning)
- Contract and procurement reviews
- Grants and subscriptions paid to other bodies
- Strategy for financing of Weyside Urban Village
- Full review of the Zero-Based Budgeting exercise outcome
- Targeted agency and Interim staffing reductions.

#### Financial Services Workstream

- 10.6. A further workstream was agreed as part of the Financial Recovery Plan, to look at the operation of the Finance Service.
- 10.7. Significant progress has been made on many issues and the Council now has robust monthly monitoring in place, a 2023-24 budget book published, monitoring and review of debts and establishment control.
- 10.8. A new budget book will be published in February 2024 for 2024-25, including both budgets and establishment. This will be a key document to enable budget holders to be held to account for their management of the resources made available to them. Amendments to budgets during the year will need to go through the procedures outlined in the Financial and Procurement Procedure Rules.
- 10.9. It is vitally important that the new processes are embedded within the Council as a legacy from the intense work done on the Financial Recovery Plan. This will form the bedrock of robust financial controls for the future.

## **11. Reserves and Balances**

- 11.1. There is no planned use of non-earmarked reserves and balances in 2024-25.
- 11.2. The revised balance at the start of the current year is £8.4m, due to the correction of previous accounting errors. This will be increased by £1.4m due to the corrected treatment of interest and housing advice costs on the HRA and interest on the SANG. The capitalisation of major scheme costs will also move £3m to the Capital financing requirement and reduce general fund costs accordingly.
- 11.3. A schedule of usable reserves and balances is shown in Appendix 5.

## **12. Consultations**

- 12.1. The Joint Executive Advisory Board scrutinised the General Fund budget proposals at their meetings on 11 January 2024. The feedback from that meeting is included at Appendix 7.
- 12.2. Any savings plans will need to be reviewed to ensure that the correct public and user consultations are undertaken prior to implementation.

## **13. Key Risks**

- 13.1. The risks associated with the MTFP are set out in the s151 Officer's Section 25 report (Appendix 4).

## **14. Financial Implications**

- 14.1. All decisions made with regard to the Council's budget will impact on the resources available for provision of the Council's services.
- 14.2. The plans set out within this budget report will deliver a balanced budget for 2024-25. Further action will still be needed to deal with the remaining budget gap in future years.

## **15. Legal Implications**

- 15.1. The Council's legal duty to set a balanced budget is set out in section 31 of the Local Government Finance Act 1992, which provides that the Council must balance its expenditure with its revenue.
- 15.2. Section 114(3) of the Local Government Finance Act 1988 requires that: *"The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."*
- 15.3. The Council must continue to act lawfully in making decisions on service delivery, regardless of any s114 report. There continues to be a requirement to conduct needs assessments, undertake consultation where appropriate, assess and have regard to equalities implications, and take into account all other relevant considerations to inform their decisions about service delivery.

## **16. Human Resource Implications**

- 16.1. As part of the Financial Recovery Plan, the Council was required to reduce operational and service delivery costs immediately.
- 16.2. The immediate measures set out in the September Financial Recovery Plan put a freeze on most recruitment. This freeze will be removed from 1 April 2024, and establishment monitored through the monthly budget monitoring processes. Any variations will need to be agreed by the Corporate Management Board.

## **17. Equality and Diversity Implications**

- 17.1. There are no direct equality, diversity or inclusion implications resulting from the budget proposals outlined within this report.

## **18. Climate Change/Sustainability Implications**

- 18.1. The uncommitted sum for Climate Change projects was used as a budget saving during the current year. This has been reinstated for 2024-25.
- 18.2. Climate change issues will be considered as part of the contract renewal process, for example the utility contract renewal due in September 2024.

## **19. Summary of Options**

- 19.1. The report outlines proposals to deliver a balanced budget for 2024-25.
- 19.2. Any further proposed budget growth would need to be matched with further proposals for budget savings.

## **20. Background Papers**

- General Fund Budget Update – Council 25 July 2023
- Issue 1 – Financial Recovery Plan – Council 30 August 2023
- Issue 2 – Financial Recovery Plan - Council 27 September 2023
- Medium Term Financial Plan (MTFP) and Financial Recovery Plan - November Update Report – Council 5 December 2023

## **21. Appendices**

Appendix 1: General Fund Budget Summary 2024-25 to 2026-27

Appendix 2: Summary of Budget Changes

Appendix 3: Fees and Charges Schedule

Appendix 4: Section 25 Report

Appendix 5: Reserves and Balances

Appendix 6: LCTSS Scheme