

Guildford Borough Council

Report to: Overview and Scrutiny Committee – Resources

Date: 21 January 2025

Ward(s) affected: 'All'

Report of Strategic Director of: Finance and Resources

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Status: Open

Key decision: No

General Fund Revenue Budget 2025-26 and Medium-Term Financial Plan 2026-27 to 2028-29

1.0 Executive Summary

- 1.1 Work on the MTFP commenced early this financial year and has enabled a much wider consideration of how the budget is spent and also how it is used to meet the priorities of the Council.
- 1.2 The provisional finance settlement has been extremely poor for most District and Borough Councils, with most, including Guildford Council, receiving no increase in their Core Spending Power. This means that overall funding for 2025-26 will remain at the same level as 2024-25, even after an increase in Council Tax revenues.
- 1.3 The impact of the settlement is that there is no new funding available to meet the cost of pay awards, demand and inflationary pressures.

- 1.4 The detailed review of existing budgets has identified some areas of savings and efficiencies. This, together with a further review of fees and charges has meant that most cost existing pressures can be met, without the need for cuts to services.
- 1.5 A total of 42 growth bids were received from services. Due to the lack of funding priority has been given to those that are Invest to Save propositions or can be funded from existing or other resources. Some one-off growth bids are also allowed for which can be met from reserves.
- 1.6 Very few on-going growth bids can be accommodated for 2025-26. Further reviews of service budgets are planned which could release funding in due course.

2. Recommendation to the Committee

- 2 The committee is asked to comment on the budget proposals set out and provide any feedback for consideration by the Executive.

Draft Recommendation to Executive

The Executive is asked to recommend the following to Council (at its Budget Meeting on 5 February 2025):

- (1) That the General Fund Budget for 2025/26 as summarised in Appendix 6 be approved.
- (2) That a 2.99% increase in Guildford Council's Band D Council Tax Charge for 2025/26, 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 1 and the £40,000 discretionary hardship fund that runs alongside it, be continued.
- (4) That Council endorses the updated guidelines for Discretionary Reductions, set out in Appendix 2.
- (5) That, from 1 April 2025, the Council varies its determination of 7 February 2024 under Section 11B of the Local Government Finance Act 1992, to except properties from the long-term empty dwelling

levy in accordance with The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024 SI 1007. Where a property is not excepted the long-term empty dwelling levy starts after a property has been empty and unfurnished for one year.

(6) That, from 1 April 2025, the Council varies its determination of 7 February 2024 under section 11C of the Local Government Finance Act 1992 to except properties from the premium on periodically used dwellings in accordance with The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024 SI 1007. Where a property is not excepted the Council will charge a premium (levy) of 100% on periodically used dwellings.

(7) That the schedule of Fees and Charges, as set out in Appendix 3 to this report, be approved.

3. Reasons for Recommendations

- 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 the MTFP and Budget proposals demonstrate transparency and good governance.
- 3.3 The Council has been well positioned to respond to the financial challenges faced by all local authorities. Whilst the latest MTFP for the subsequent years ending 2028-29 continues to project future financial pressures, and opportunities, the Council will take action to ensure sufficient funding is in place to deliver and maintain services.

4. Status of Report

- 4.1 This report is 'open'.

5. Strategic Priorities

- 5.1 The revised Corporate Plan was approved by Council on 23 July 2024.

5.2 Titled 'A Greener, Fairer, Thriving Guildford', the new Strategy has five core priorities which form the overarching focus for the Council over the next ten years.

These are:

- Priority 1: A more sustainable borough
- Priority 2: A more prosperous borough
- Priority 3: A more inclusive borough
- Priority 4: Decent and affordable homes
- Priority 5: A resilient and well-managed council

5.3 Throughout the budget process, these revised priorities have been considered. This has included both existing budget allocations and prioritisation of the growth bids received.

6. Background

6.1 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 2028/29. 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.

6.2. 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 5.

6.3. The MTFP looks forward over the next four years to anticipate the spending pressures faced by the Council. Considering the changing economic picture, planning now to meet expected and known changes in the future provides greater opportunity to mitigate the impact.

6.4 The budget and medium-term financial plan process for 2025-26 was commenced much earlier this financial year, with reports presented

to this committee on 11 July 2024, 10 September 2024 and 2 December 2024.

- 6.5 Budget challenge sessions have been held with every service to examine the budgets in detail, understand any opportunities for savings / changes in service delivery. These have also given the opportunity for assistant directors to explain any growth bids which they have submitted.
- 6.6 Reviews have also been undertaken of recharges made across the council for example to capital, the Housing Revenue Account and the Council's companies.
- 6.7 Fees and charges have been reviewed to ensure they are fair to users, adhere to statutory guidance and in line with neighbouring councils.

Funding Settlement 2025-26

- 6.8 The Provisional Local Government Finance Settlement was received on 19 December 2024. This confirmed funding levels for councils for 2025-26. The settlement was once again only for a single year, with no information provided on future funding levels. These will however be subject to the outcome of a new Fair Funding Review (see 6.30).
- 6.9 The table below shows the change in settlement funding for Guildford from 2024-25 to 2025-26.

	2024-25	2025-26	
	£	£	
Business rates	3,317,992	3,400,751	
Under-indexation compensation	586,263	608,684	
Revenue Support Grant	78,530	40,239	
Business Rate Retention	3,982,782	4,049,674	

Council Tax Receipts	11,867,882	12,340,943	Assumes 2.99% increase plus 1% taxbase growth
Services Grant	20,447	0	Discontinued
New Homes Bonus	697,500	614,903	
Funding Guarantee	987,746	551,375	Set at 0%
Grant Funding	1,705,693	1,166,278	
“Core Spending Power”	17,556,360	17,556,895	<u>Zero increase</u>

6.10 The significant change for 2025-26 is that the funding guarantee is set at 0%. This means that even though Council Tax and Business Rates income increases, this is offset by a reduction in Funding Guarantee. Overall “Core Spending Power” therefore remains the same.

6.11 There is therefore no additional funding to meet the cost of pay awards, inflation and demand pressures. The Council is therefore reliant upon cost reduction and increasing income to meet these costs.

National Insurance

6.12 An additional increase in the cost of National Insurance was announced in the Chancellor’s autumn statement. The changes mean a reduction in the starting point at which NI is paid and an increase in the rate from 13.8% to 15%.

6.13 The combined cost of these changes equates to around £1,000 per full time employee, so around £500k for GBC general fund and a further £200k for the HRA.

6.14 The government is providing some support to public sector employees, but the actual amounts were not announced as part of the provisional settlement. The methodology suggested is based upon net expenditure and the £515m national allocation would only appear to meet around 1/3 of the actual cost increase. It also excludes the HRA from the calculation, as net expenditure is zero.

This is therefore likely to be another significant cost pressure from 2025-26 onwards. The grant support will be confirmed in the final settlement.

Council Tax

6.15 The maximum increase for District and Borough Councils has again been set at 2.99%. This is the level of increase which is being recommended for Guildford Council.

6.16 The actual taxbase increase for 2025-26 is 1.25%, rather than the assumed 1%. This will therefore add funding of around £36k. This could however be adjusted in the final settlement, so has not been included at this stage.

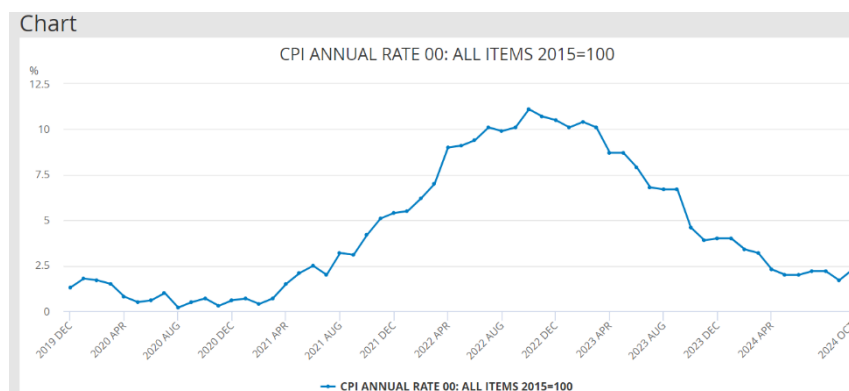
Extended Producer Responsibility

6.17 Notification has been received of the Year 1 guaranteed sum for extended producer responsibility. For Guildford this is £1.356m and will be received outside of the core spending power assessment. It is anticipated that this will be rolled in to future settlements, but values are unclear.

6.18 Some existing and additional responsibilities will need to be met from this, but the balance will be guaranteed funding for 2025-26. At present an assumption has been made that £500k will be available as on-going additional funding.

Inflation

6.19 Inflation fell significantly in the past year from 6.7% in September 2023 to 1.7% in September 2024, which was below the Bank of England target of 2%. It has however increased in the past few



months and CPI for November 2024 now stands at 2.6% due to increases in the cost of utilities, fuel and clothing.

- 6.20 The consensus of independent forecasts for 2025 is for CPI to be between 2 and 2.5% but this is clearly subject to both national and international factors.

Pay Award

- 6.21 The pay award for Guildford Council is locally negotiated and has not yet been agreed for 2025-26. The MTFP assumptions were based upon an average increase of 2%. National guidelines were issued by Government in December 2024 recommending 2.8% for public sector increases next year. Note – an additional 1% on the pay award would add an extra £0.304m to the budget gap.

Contract Inflation

- 6.22 Where possible, service budgets across the Council will be held at 2024-25 levels. However, there are areas of expenditure which we are contractually obliged to increase.
- 6.23 Major areas will include Utilities, Repairs and Maintenance, ICT, Telephony, contracted services, materials etc.
- 6.24 A provision of £500k has been made in the budget for contract inflation and will be allocated to services during the year when any increases are confirmed.

Borrowing Costs

- 6.25 A significant part of the MTFP gap relates to capital financing costs. This is due partly to the Council's ambitious capital programme and also due to fact that the cost of borrowing has increased significantly since many of the major schemes in the capital programme were approved.
- 6.26 The largest capital project is the Weyside Urban Village (WUV) and although that will require significant borrowing during the 10-year project, that is not the driver for the MTFP gap. The interest payments on WUV are being capitalised so they will form part of the

overall net project cost and MRP charges will not be made until the scheme is operation (in line with local authority accounting arrangements).

- 6.27 It was anticipated that total borrowing for the Council could peak at £600m (including HRA debt) prior to land sales on the WUV scheme which will generate capital receipts to repay some of the debt. The actions taken in 2023-24 to reduce the scale of the capital programme and generate capital receipts from asset sales have reduced the peak debt to £450m (including HRA debt).
- 6.28 This remains a significant issue for the Council and the capital programme has been thoroughly reviewed to ensure that the costs and timing are accurate and that the schemes still meet the priorities of the Council.
- 6.29 The borrowing strategy for the next few years will be critical to ensure that interest costs are minimised and that long term deals are secured at competitive and affordable rates. Options outside of the PWLB are being explored such as funding from the National Wealth Fund.

Fair Funding Review / Multi-year Settlements

- 6.30 As part of the provisional settlement, announcements were made regarding multi-year settlements. The government has stated that it recognises that councils are better able to plan their resources if they have a longer-term settlement and have therefor committed to a three-year settlement in December 2025 for 2026-27, 2027-28 and 2028-29.
- 6.31 The new Fair Funding Review, “The Relative Needs and Resources Review”, was launched in December 2024, however, there has been little information available to date. The current budget settlement focused on deprivation as a key driver for funding. If this principle is a key driver for the new formula, it could result in areas such as Guildford, having low levels of deprivation in comparison to other areas of the country, receiving a smaller percentage of the total grant than currently. It is unlikely the total grant would increase but how it is shared will be important to Guildford. A key component of the review will be the phasing / transitioning to the new funding allocations.

Savings / Income Generation

6.32 A summary of budget savings and targets for income generation to be included in the 2025-26 budget is provided below.

	Saving £'000	
LGPS Deficit	159	Agreed as part of the triennial review
LCTSS parish grants	45	Phased reduction agreed in 2024
G- Live	257	Full-year effect and improved contract
Leisure contract	200	Prudent part year estimate from new contract
Fees and Charges	987	Over achievement of parking income and 2025-26 increases (see appendix 3)
Housing recharges	454	Costs of Woking Road stores maintenance and surveyors that should be recharged to the HRA
Recharges	1,000	Review of charges to HRA, capital and trading accounts
Pay saving 2024-25	158	Adjustment to NI budgeted in 2024-25
Total	3,260	

Cost Pressures

6.33 Cost pressures included in the 2025-26 budget are as follows

	Cost Pressure £'000	
Pay Award	1,594	2% provision but not agreed plus increments and Employers NI changes (net)
Members Allowances	89	Inflationary increase

Inflation	500	Allowance for contract inflation
Capital Financing	1,000	Impact of completed capital schemes – interest and MRP
Total	3,184	

6.34 In addition, there have also been several on-going costs agreed in response to the Corporate Improvement Plan during 2024-25 which need to be included.

- Funding of Governance improvements in Legal and Democratic Services £375k.
- Head of Business Improvement £95k. This will however be a shared cost with Waverley for 2025-26, halving the on-going cost.
- Funding of improvements in Finance and Procurement £300k.

In summary, the major changes, before considering new bids are therefore:-

	£,000
Extended Producer Responsibility	(500)
Savings / Income	(3,260)
Cost Pressures	3,184
Improvement Plan	720
Net Total Pressure	144

Growth Bids

6.35 A series of 12 Budget Challenge sessions were run during September / October, one for each service area. This allowed existing budgets, growth bids and savings proposals to be reviewed in the context of the MTFP budget gap and the revised corporate plan.

6.36 The growth bids have been discussed in detail with the Joint Leadership Team and the Executive to help understand the relative priority of the bids so that any available funding can be applied to the highest priority areas.

6.37 The poor provisional finance settlement has severely restricted the Council's options for funding any growth. Priority has therefore been given to bids made on the basis of "Invest to Save" or which

can be funded from other sources / covered by income. These are listed below.

Invest to Save		
Careline service redesign	£60k year 1 investment £300k savings from year 2	Outsourcing of service
Environment business analyst	£130k initial investment (over year 1 & year 2) £65k annual saving	Service redesign – reduce hire charges, optimise service delivery
Waste vehicle handsets	£30k initial investment £10k annual saving	Improved efficiency

6.38 The initial investment required for these projects totals £220k and will be funded from the Invest to Save reserve. The annual savings of £375k per annum will be available for re-investment from 2026-27 onwards.

Funded Growth		
Advanced utility metering	£48k with offsetting savings	Improved efficiency
Utilities management	£42k with offsetting savings	Monitoring, management, intervention
Funding / Grants officer	£65k with offsetting savings	Access to external grants
Total	Nil	

Surrey Empty Homes Funding (SCC)		
York Road Homelessness Hub	£195k	Feasibility study / business case
Stoke Park Nursery	£14k	Site disposal investigations
Lido Pool Covers	£165k	Cover to retain heat and reduce energy usage
Total	Externally funded	

Growth Bids that can be funded differently

York Road Homelessness hub	Consider after feasibility above.
Regulatory services posts	Provide temporary funding until restructure plus some underspends in current budgets
Fleet Services	Meet from efficiency savings generated
Housing Tenancy fraud	Fund from HRA
AD – business transformation	Self-financing 2-year post
Modern Polling	Delay until clarity over election dates – could be a delay due to Devolution
Committee System	Use service underspends
Planning specialist officers and compliance officer	Fund from £300k set aside in 2024-25 budget for planning service.

Growth bids with on-going costs		
Legal IKEN	£10k	Unavoidable due to increase in staffing
Cemeteries staffing	£40k	Risk of service failure if unfunded
Assistant Director – HR/ OD	£60k	Need to strengthen the service in response to the corporate improvement plan
Total	£110k	

6.39 Funding these would increase the aggregate on-going budget gap for 2025-26 from £144k (see 6.34) to £254k. An option to fund this would be to earmark a further contribution from the Extended Producer Responsibility funding, taking the sum to £754k of the £1,356k overall sum. This would leave £600k to fund any new EPR commitments.

6.40 A zero-based budget exercise is planned for early 2025-26. This may provide alternative long-term funding sources to be considered in due course.

One-off funding (not on-going)	
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Acquisition of Exacom live S106 Monitoring Information	40	Fund investment in system – on-going 18k p.a. to be met by service
Stoke Park Paddling Pool	25	Fund as one-off trial. Explore other options e.g. volunteers
Data and insight capability	65	One-year trial as proof of concept
Acolaid Replacement	TBC	Need full options appraisal – estimate of £1m unaffordable. To be considered later in year once unitary timetable confirmed.
Local Plan Update	500	Use £110k base budget first plus one-off sum to be added to reserve.
Total	£630k	One-off

Unmet Growth Bids

- 6.41 In the context of the poor financial settlement and tight timescales, further work is being carried out prior to the Full Council meeting on 5 February 2025 to examine any options to fund any of the bids which have not been able to be included at this point. This will involve revisiting Fees and Charges proposals (where we have discretion) and other potential areas for savings. This may therefore result in minor changes to the budget finally proposed.

Medium-Term Position

- 6.42 The projected budget gap is shown in the table below.

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Service costs	16.456	18.409	19.315	20.366
Net interest	0.462	0.960	1.960	2.960
MRP	1.793	1.993	2.293	2.493
Reserves	-0.565	-0.565	-0.565	-0.565
Grants	-5.771	-5.271	-5.271	-5.271
Council Tax	-12.375	-12.906	-13.463	-14.045
Budget Gap	0.000	2.620	4.269	5.938

6.43 This will be impacted by the outcome of the fair funding review and any transitional arrangements which are put in place.

6.44 Work will need to commence early in 2025-26 to address the projected gap. This will include:-

- Zero based budget review across all budgets.
- Work undertaken by the new Assistant Director of Transformation on collaboration / service reviews.
- Benchmarking of Fees and Charges with neighbouring authorities

Reserves and Balances

6.45 The current year position is shown in the table below and a 4-year position statement is contained in appendix 4.

General Fund Reserves	Estimated Balance at 31 March 2024 £'000	Transfers £'000	Receipts £'000	Payments £'000	Commitments 2425 £'000	Estimated Balance at 31 March 2025 £'000
Usable Reserves						
MTFP - Main Reserve	(8,211,288)	(1,093,362)	(4,371,291)	959,076	700,000	(12,016,866)
MTFP - Invest to Save Reserve	0	(800,000)	0	0	0	(800,000)
MTFP - Finance Recovery Reserve (FRR)	0	(800,000)	0	0	440,000	(360,000)
MTFP - To Cover 2025-26 one off Growth BIDS	0	(1,000,000)	0	0	0	(1,000,000)
Carried Forward Items	(675,408)	583,121	(5,000)	2,871	16,000	(78,415)
IT Renewals	(1,860,792)	0	0	0	759,636	(1,101,156)
Insurance	(500,000)	0	0	0	0	(500,000)
Spectrum	(400,817)	0	0	0	0	(400,817)
Car Parks Maintenance	(2,400,085)	200,000	0	0	618,720	(1,581,365)
Business Rates Equalisation	(2,930,539)	2,930,539	0	0	0	0
Civil parking	1,874	(1,874)	0	0	0	0
Election	(49,075)	0	0	0	0	(49,075)
Safer Guildford	(27,186)	0	0	0	0	(27,186)
TOTAL USUABLE RESERVES	(17,053,315)	18,424	(4,376,291)	961,947	2,534,356	(17,914,879)
Unusable Reserves					0	0
BR Covid ongoing	(330,462)	0	(22,771)	0	0	(353,233)
HLS	(225,904)	0	0	0	(40,417)	(266,321)
Salix	(345,953)	0	0	0	0	(345,953)
G Live Sinking	(113,068)	0	(21,176)	0	16,068	(118,176)
Family Support	(236,622)	0	0	0	0	(236,622)
Refugee support	(2,186,557)	0	0	1,313	0	(2,185,244)
DEFRA - Effective enforcement Reserve	0	(8,950)	0	0	0	(8,950)
Private Sector Housing MEES Fines Reserve	0	(9,474)	0	0	0	(9,474)
HMO Licence Income Reserve	0	0	0	0	0	0
Special Protection Areas (SPA) sites	(14,437,955)	0	0	0	0	(14,437,955)
TOTAL UNUSABLE RESERVES	(17,876,522)	(18,424)	(43,947)	1,313	(24,349)	(17,961,928)
TOTAL	(34,929,836)	0	(4,420,238)	963,260	2,510,007	(35,876,807)

- 6.46 Reserves were reviewed in summer 2024 to ensure that they were still relevant and appropriate. Several have now been combined into the main MTFP reserve.
- 6.47 The reserves received a major boost early in 2024-25 from a VAT refund relating to an historic leisure management claim. This was successfully negotiated with the assistance of PWC.
- 6.48 Commitment in the current year have largely related to the costs of improvement work (e.g. financial recovery plan) and funding the one-off costs of investigations into the alleged housing fraud.
- 6.49 The level of reserves is now back to a good position and will allow some flexibility in dealing with the financial challenges of the next few years.

Local Council Tax Support

- 6.50 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. The level of claims in the current year is within this sum.
- 6.51 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 1.

Discretionary Council Tax Reductions (Section 13A (1) (c))

- 6.52 Billing authorities have discretion to reduce the council tax payable. This power comes from Section 13A of the Local Government Finance Act 1992 (as amended). The reduction can be for individuals or specific classes (groups). The reduction can be any amount.
- 6.53 Since 1 April 2013, the Council has funded a Discretionary Hardship Fund under S13A (1) (c). This helps residents facing financial hardship because of our LCTS rules. The cost of other reductions

falls wholly on the billing authority. As a result, billing authorities tend use the power sparingly.

- 6.54 The Council is not legally obliged to have guidelines or a policy. However, having positive guidelines in place aids potential applicants and helps to ensure fairness and transparency.
- 6.55 Our guidance has been updated, reflecting good practice and aligning with those of Waverley Council. It is recommended that the council endorses these updated guidelines for Discretionary Reductions, set out in Appendix 2.

Periodically Used Properties and Long-Term Empty Homes

- 6.56 On 7 February 2024 the Council determined:
- 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.
 - 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.
- 6.57 Officers advised that the increased levies should be seen as an incentive to move properties back into full-time occupation, rather than an ongoing source of income. They also expected guidance on scenarios where it would be inappropriate to charge the premium (levy), and the Council could vary the determination before 1 April 2025, if necessary.
- 6.58 The Council Tax (Prescribed Classes of Dwellings and Consequential Amendments) (England) Regulations 2024 SI 1007 came into force on 1 November 2024. In combination with earlier regulations, they prevent (except) us charging the levy from 1 April 2025 in the following circumstances:

Periodically Used Properties and Long-Term Empty Homes

- Class E - a dwelling that is or would be a person's sole or main residence and where that person has been provided with armed forces accommodation.

- Class F - an annexe that forms part or the same property as, and is being used as part of, a person's sole or main residence.
- Class G – the dwelling is being actively marketed for sale, at a reasonable price, for a period of up to 12 months.
- Class H – the dwelling is being actively marketed for let, on reasonable terms, for a period of up to 12 months.
- Class I -probate was granted less than 12 months ago. Before that the property was unoccupied and exempt in the hands of a personal representative following the death of the last occupant.

Periodically Used Properties only

- Class J – certain job-related circumstances (defined in regulations) resulting in liability for two properties in England, Scotland or Wales.
- Class K - the dwelling is a pitch occupied by a caravan or a mooring occupied by a boat.
- Class L – a dwelling where a planning condition prevents permanent occupancy (defined in the regulation).

Long-Term Empty Homes only

- Class M – an exception from the premium on Class D dwellings of up to 12 months. Class D is where a vacant dwelling is undergoing major work to make it habitable, or structural alterations, and the major work was completed less than 6 months ago.

6.59 As the guidance is in the form of regulation rather than guidelines, the Council does not need to revisit last year's determination to include any discretionary criteria. However, officers recommend that the Council varies both determinations to acknowledge the new legislation. This is for transparency and to minimise disputes.

7.0 Options

7.1 In setting the budget for 2025-26, there has needed to be consideration of numerous issues such as existing budgets, corporate priorities, growth bids, demand pressures and inflationary and pay pressures.

7.2 The provisional finance settlement has severely limited the extent to which new areas of expenditure can be considered.

7.3 Options will need to be developed to deal with the budget gap across the MTFP period and any changes arising from the Fair Funding Review.

8.0 Consultation

8.1 The need for consultation on budget proposals is considered on a case-by-case basis.

8.2 Early engagement and consultation with the Trade Unions was established for this year's budget process with the first meeting held with Unison representatives on 9th September 2024. A further briefing was provided after the finance settlement.

9.0 Key Risks

9.1 The risks associated with the 2025-26 budget are set out in the Section 25 report at Appendix 5.

10.0 Legal and Governance Implications

10.1 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.

11.0 Financial Implications

11.1 All decisions made regarding the Council's budget will impact on the resources available for provision of the Council's services.

12.0 Human Resources Implications

12.1 None identified.

13.0 Equality and Diversity Implications

13.1 None identified.

14.0 Climate Change and Sustainability Implications

14.1 A growth bid has been supported for a funding officer which should enable the Council to gain access to external funding for projects with climate change and sustainability implications.

14.2 The additional post for energy monitoring will help identify opportunities for reductions in energy usage.

15.0 Background Papers

MTFP updates

Council - 23 July 2024, 8 October 2024, 3 December 2024

Resources O&S – 11 July 2024, 10 September 2024, 2 December 2024

Appendices

- 1 Council Tax Reduction Scheme
- 2 Council Tax Section 13a Discretionary Reductions
- 3 Fees and Charges
- 4 Reserves and Balances Projection
- 5 Section 25 Report
- 6 General Fund Budget Summary 2025-26

Report clearance progress:

Finance	Richard Bates	
Executive Briefing		
Legal	Claire Beesley	
Human Resources	Francesca Chapman	
Strategic Director	Richard Bates	