

## REVENUE BUDGET AND CAPITAL PROGRAMME 2024/25

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	Appendix 1 – Fees and Charges 2024/25 Appendix 2 – Proposed Capital Programme Appendix 3 – Capital Appraisal form for proposal 2

### Summary

This report sets out estimates for income and expenditure on services in 2024/25 and recommends fees and charges for which this Committee is responsible, with the new charges being effective from 1 April 2024. The report also details council tax discount bands for 2024/25, a capital scheme proposal and seeks approval to include the project in the capital programme to be submitted to Full Council in February 2024.

### Recommendation (s)

#### The Committee is asked to:

- (1) Recommend the 2024/25 service estimates for approval at the budget meeting of Full Council in February 2024;
- (2) Recommend the 2024/25 fees and charges, as set-out in Appendix 1, for approval at the budget meeting of Full Council in February 2024;
- (3) Agree the Council Tax Discount bands for 2024/25, as set-out in section 9;
- (4) Support the future savings options as set out in 5.2 for inclusion in the Medium Term Financial Strategy.
- (5) Submit the capital programme for 2024/25 as identified in section 8 of this report to the Full Council for approval in February 2024;
- (6) Note the provisional forecast of schemes for the capital programme for 2025/26 to 2028/29.

# Strategy and Resources Committee

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### 1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2024/25, agree a Medium Term Financial Strategy 2024-28, and ensure essential works at the Depot are included within the Council's capital programme of works for 2024/25.

### 2 Background

- 2.1 For the period 2024/25 to 2027/28, Full Council will be asked in February to agree a four year Medium Term Financial Strategy (MTFS) to maintain the financial health of the Council whilst delivering the priorities in Corporate Plans. The recommendation in this report is consistent with the proposed MTFS.
- 2.2 Local authorities face a great deal of financial planning uncertainty over the medium term. This is mainly because central government funding settlements tended in recent years to be limited to one-year only. In addition, the economic environment remains highly challenging and difficult to forecast, with elevated inflation impacting demand for services and the cost of delivering those services.
- 2.3 At its meeting on 13 July 2023, Strategy and Resources Committee agreed the budget targets and workstreams to enable the Council to work towards setting a balanced budget for 2024/25 and over the next Medium Term Financial Strategy four year-period.
- 2.4 The committee noted that excluding any new growth in expenditure, additional annual income/savings of £1.1 million are projected to be needed to achieve a balance budget for 2024/25, increasing to £2.5m by 2027/28.
- 2.5 To address this deficit, Strategy & Resources Committee agreed that the following workstreams should be progressed by Directors and Heads of Service:
  - 2.5.1 Officers to be tasked with identifying further efficiencies, although these are becoming harder to achieve after over a decade of austerity.
  - 2.5.2 A base review, which entails reviewing the year end position for 2022/23, identifying any potential savings, additional cost pressures and areas where savings can be developed.
  - 2.5.3 Service Reviews focusing primarily on discretionary services to be undertaken over the next four years with the aim of increasing efficiencies and effectiveness whilst reducing cost.
  - 2.5.4 Review of existing asset utilisation, to realise cost reductions in Council operational buildings and increased income from investment properties.

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- 2.5.5 Investigate income streams to maximise revenue from new and existing services, such as invest to save opportunities. Ensure any new powers are considered to generate additional income for the Council, such as the pending new charging policy for waste.
- 2.5.6 Undertake a review of reserves, providing a justification for the level of reserves retained.
- 2.5.7 A target to increase fees and charges income by 6% in both 2024/25 and 2025/26 (as previously agreed by S&R in July 2022), then by CPI+1% for both 2026/27 and 2027/28. Heads of Service review fees and charges annually to ensure increases are achievable and report fees and charges to policy committees for approval.
- 2.5.8 To maximise external funding and partnership opportunities.
- 2.6 The figures in this report reflect the latest outcome of the above workstreams, a number of which will continue into future years, and the provisional local government finance settlement for 2024/25.
- 2.7 Service estimates for this Committee are included in the draft Budget Book 2024/25 that will be made available to all Councillors.
- 2.8 Estimates have been prepared on the basis that existing services to residents are maintained, unless specified otherwise in section 5.
- 2.9 Where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly. The budget also includes a central provision of £500,000 to mitigate any price inflation in excess of 2% next year.
- 2.10 For pay inflation, the budget includes a provision of £982,000; £155,000 is for pay progression, as eligible officers progress along their pay scale with experience, and £827,000 is for a 6.0% cost of living increase, in accordance with Full Council's agreed settlement in December 2023, and statutory national living wage uplifts.
- 2.11 Aside from income and rents, there are a limited number of services provided by the Committee for which fees and charges are levied. The impact of changes to Town Hall room hire charges and land charge tariffs have been estimated and incorporated in the estimates for 2024/25.
- 2.12 The proposed tariffs are set out in Appendix 1 to this report.
- 2.13 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 6% annually, after making allowance for any further changes in service. Certain charges for committees are being proposed at above or below this level, either to maintain service demand, reduce service subsidy levels or to enable the Council to achieve a balanced budget.

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2.14 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-

2.14.1 The Budget Book contains the service estimates for 2024/25.

2.14.2 Unavoidable cost increases and income reductions are reflected in the estimates.

2.14.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.

2.14.4 All increases in charges are subject to approval by the Committee/Council.

### 3 Forecast Outturn 2023/24

3.1 Before considering the revenue estimates for 2024/25, this section provides a summary of the forecast outturn for the current financial year.

3.2 Variations identified with on-going effects have been taken into account in preparing next year's budget. The Council's probable revenue outturn at Q1 monitoring for all Committees in 2023/24 anticipates an adverse variance of £98k, as set out in the Q1 monitoring report and summarised by the following table:

Committee	2023/24		
	Current Approved Budget	Q1 Forecast	Variance
	£'000	£'000	£'000
Strategy & Resources	331	61	(270)
Environment	4,920	4,998	78
Community & Wellbeing	4,948	5,149	200
Licensing & Planning Policy	760	850	90
Capital charges	(2,669)	(2,669)	0
<b>Total budget requirement</b>	<b>8,289</b>	<b>8,388</b>	<b>98</b>

3.3 The probable outturn specifically for Strategy & Resources Committee for 2023/24 is an underspend of £270,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

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Forecast Outturn by Service	Current Approved Budget*	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy &amp; Resources Committee</u>			
Democratic & Civic	862	862	0
Corporate Functions	693	693	0
Corp Financial Management	1,878	1,648	(230)
Tax Collection & Benefits	212	212	0
Land Charges	19	19	0
Land & Property	(3,350)	(3,398)	(47)
Economic Dev. & Prosperity	74	74	0
Employee and Support Services	(147)	(140)	8
Building Control Contract	90	90	0
<b>Subtotal Strategy &amp; Resources</b>	<b>331</b>	<b>61</b>	<b>(270)</b>

*\*includes agreed changes in accordance with the Council's virement policies.*

- 3.4 Within Corporate Financial Management, treasury management income is forecast to overachieve the budget by £230,000, supported by elevated interest rates.
- 3.5 Within Land and Property, a rent review has been successfully completed, resulting in additional back-rent income and the favourable £47,000 variance.
- 3.6 The Committee's probable outturn (estimated net expenditure) for 2023/24 is included in the draft Budget Book on each service group page, with a detailed analysis of variations to budget. The outturn forecasts are all based on quarter one budget monitoring reports used by all managers.

#### 4 Proposals for 2024/25 Budget

- 4.1 The service estimates for 2024/25 are included in the draft Budget Book, circulated to councillors in January.
- 4.2 A summary of the Committee's service estimates for 2024/25 is shown in the following table:

Strategy & Resources Committee	Published Budget 2023/24	Base Position 2024/25
	£000	£000
Democratic & Civic	862	752
Corporate Functions	693	858

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Corporate Financial Management	2,046	50
Tax Collection & Benefits	132	1,134
Land Charges	19	19
Land and Property	(3,317)	(3,019)
Local Economy & Community Consultation	74	74
Community Safety	91	121
Contracts - Building Control	90	106
Employee & Support Services	270	665
<b>Total Strategy &amp; Resources</b>	<b>960</b>	<b>760</b>

- 4.3 The following table comprises a summary of the main changes to the Committee's proposed budget for 2024/25 compared with the published budget for 2023/24.

<b>STRATEGY AND RESOURCES COMMITTEE</b>		<b>BUDGET £'000</b>
<b>Published Budget 2023/24</b>		<b>960</b>
<b>Service Group</b>	<b>Change</b>	
All	Variation in pay provisions & support service recharges	(680)
Democratic & Civic	Remove budget for cost of 2023 local election	(80)
Democratic & Civic	Budget for Parliamentary and PCC elections	240
Democratic & Civic	Grant funding of Parliamentary and PCC elections	(240)
Democratic & Civic	Increase in member & mayoral allowances	95
Land & Property	Change in contributions to/(from) Property Income Reserve	(700)
Land & Property	Decrease in EEPIC Dividend	661
Land & Property	Changes to rental income following rent	(644)
Land & Property	Change in contributions to/(from) Property Income Reserve	1,127
Land & Property	Change in premises related expenses	(94)
Corp Financial Management	Reduction and apportionment to services of pension deficit contributions as per actuary	(140)
Corp Financial Management	Use of additional New Homes Bonus (NHB) income to fund services	(225)

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Corp Financial Management	Movement in use of corporate projects reserve to balance budget	(458)
Corp Financial Management	Projected change in interest income, net of fund manager fees	(358)
Corp Financial Management	Net reduction of inflation & corporate contingencies to services in 2024/25	(555)
Corp Financial Management	Apportionment and removal of contingency for loss of on-street parking income	(250)
Tax Collection & Benefits*	Removal of contribution from collection fund equalisation reserve	1,090
Employee & Support Services	Pay award and NI funding apportioned to services	515
Employee & Support Services	Increased IT licence costs	308
Employee & Support Services - Town Hall	Loss of rent and service charge income from SCC at Town Hall	109
All	Inflationary increase on contracts	65
All	Other net changes	14
<b>Base Position 2024/25</b>		<b>760</b>

\*The transfer to/from the Collection Fund Equalisation Reserve is currently provisional and is required to fund the prior year collection fund deficit from 2023/24, which generally arises due to statutory government business rate reliefs for businesses in certain sectors such as retail, leisure and hospitality. The deficit is expected to be reimbursed retrospectively by central government through Section 31 grants, however, any residual deficit is met by the Collection Fund Equalisation Reserve. The final quantum of the transfer from the Collection Fund Equalisation Reserve will only be confirmed in late January 2024 when statutory business rates projections are submitted to central government.

## 5 Financial Sustainability Proposals for Medium Term Financial Strategy 2024/25 to 2027/28

- 5.1 As set-out in section 2, Strategy & Resources Committee had agreed a Council-wide savings/additional income target of £2.5m to achieve a balanced budget by 2027/28.
- 5.2 The estimates for this committee include the following new savings / additional income targets to reduce the Council's projected budget deficit:

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Summary of New Savings/Income From Efficiency Plan	Committee	2024/25	2025/26	2026/27	2027/28
		£000	£000	£000	£000
Income from Commercial Property	S&R	249	38	-	-
Review of Town Hall	S&R	-	-	-	400
Other operational efficiencies	All	27	58	50	-
<b>Total Savings/Additional Income</b>		<b>276</b>	<b>96</b>	<b>50</b>	<b>400</b>

5.3 It is anticipated that the additional commercial property income will be achieved principally through contractual rent reviews.

5.4 The Council currently holds a vacant property at 70 East Street. In reviewing options for the existing Town Hall, the Council is targeted to generate operational savings of at least c.£400k per annum by 2027/28, however, this will be subject to further options appraisals due to be presented to members in 2024.

## 6 2024/25 Budget Gap

6.1 The impacts of elevated inflation and demand for homelessness services will continue into next year and following the budget setting process, the Council's provisional, projected budget gap for 2024/25 is £624k. To mitigate this budget gap, it is proposed that temporary funding of £624k should again be allocated from the Corporate Projects Reserve (in 2023/24, £166k was required from this reserve). The budget is also supported by a forecast appropriation of £0.7m from the Property Income Equalisation Reserve, to mitigate anticipated reduced rental income from EEPIC in the year ahead (as previously agreed at S&R Committee).

6.2 This approach will enable the Council to continue to produce a balanced budget in the short term, while options including service and asset reviews continue to be assessed during 2024/25 to produce a sustainable, balanced budget in the medium term, with the aim of removing reliance on reserves to fund the day-to-day revenue budget.

## 7 Fees and Charges 2024/25

7.1 Fees and Charges within the remit of this Committee are set out in Appendix 1.

7.2 In February 2018, the Committee confirmed that the Chief Finance Officer should have delegated authority to vary fees and charges for items generating income under £1,000 per annum and/or for one-off items not included in the fees and charges schedule.

7.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 5% and 10%, to reflect increased inflationary pressures. The budgeted income is £3,013.



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- 7.4 For land charge searches, fees have been raised between 5% and 10%, to reflect increased inflationary pressures. The annual income budget for land charges is £102,000.

### **8 Capital Programme 2024/25**

- 8.1 Financial Strategy Advisory Group (FSAG) met in September 2023 to consider initial capital proposals for the 2024/25 Capital Programme, assessed against criteria agreed by S&R in July 2023. FSAG met again in November 2023 to consider the detailed business cases and recommend which schemes should progress to be considered by policy committees in January 2024, for inclusion in the Capital Programme recommended to Full Council in February.
- 8.2 In November 2023, FSAG agreed that the Longmead depot proposal, detailed at Appendix 3, budgeted at a cost of £50k, should be recommended to this committee for inclusion in the Capital Programme for 2024/25 to be recommended to Full Council.
- 8.3 Appendix 2 provides a provisional forecast for Strategy & Resources five-year capital programme and includes the capital investment required for the IT Strategy agreed by this committee in September 2023. The provisional forecast provides an illustration of the Council's anticipated capital expenditure need from 2025/26 to 2028/29 but is not an exhaustive list as future schemes may be identified through other workstreams such as the Climate Change Action Plan and Annual Plan cycle.
- 8.4 Where schemes proposed for an earlier financial year were not progressed, and the works remain outstanding, they have been included within the 'deferred' column of the table and included in the total.

### **9 Council Tax Income Discount Scheme 2024/25**

- 9.1 In November 2020, Strategy & Resources Committee agreed to replace the previous means-tested Local Council Tax Support with a simpler, income-banded Council Tax Discount scheme.
- 9.2 Income bands and discounts are subject to member approval each year. For 2024/25, bands have been increased in line with the Council's scheme rules;
- 9.2.1 Income bands have been increased by 6.7% (and rounded to whole figures), which was the CPI figure for September 2023. This is in line with the government's increase of social security benefits.
- 9.3 Council tax discounts range from 80% for households in income band A, to 40% for those in income band D.

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- 9.4 The Council Tax Income Discount scheme, which commenced in 2021/22, was established following a detailed analysis of the Council's working age caseload requiring financial support and was based on similar discount schemes run by other local authorities.
- 9.5 The income bands are considered appropriate for the current caseload and, having been increased by the September CPI figure, are in line with the increase in national social security benefits.
- 9.6 Since the scheme cost falls on the local council tax payer, it was not designed to change the bands (other than by inflation) or discount percentages on an annual basis, and this assumption has been used when setting council tax.
- 9.7 Pensioners continue to receive support through the Council Tax Reduction scheme set by central government and are not affected by this scheme.
- 9.8 The Council's Local Care Leavers Discount remains in place and is unaffected by the Council Tax Income Discount scheme. 2023/24 and 2024/25 income bands are shown in the following tables:

2023/24	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Income Band A – 80%	Relevant Benefit	£0.00 - £369.00	£0.00 - £688.00	£0.00 – £900.00	£0.00 - £1,168.00
Income Band B – 65%	N/A	£369.01 - £565.00	£688.01 - £906.00	£900.01 - £1,094.00	£1,068.01 - £1,404.00
Income Band C – 50%	N/A	£565.01 - £665.00	£906.01 - £1,079.00	£1,094.01 - £1,213.00	£1,404.01 - £1,723.00
Income Band D – 40%	N/A	£665.01 - £1,353.00	£1079.01 - £1,708.00	£1,213.01 - £2,074.00	£1,723.01 - £3,366.00

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2024/25	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Band A – 80%	Relevant Benefit	£0.00 - £394.00	£0.00 - £735.00	£0.00 - £961.00	£0.00 - £1,247.00
Band B – 65%	N/A	£394.01 - £603.00	£735.01 - £967.00	£961.01 - £1,168.00	£1,247.01 - £1,499.00
Band C – 50%	N/A	£603.01 - £710.00	£967.01 - £1,152.00	£1,168.01 - £1,295.00	£1,499.01 - £1,839.00
Band D – 40%	N/A	£710.01 - £1,444.00	£1,152.01 - £1823.00	£1295.01 - £2,213.00	£1,839.01 - £3,592.00

## 10 Risk Assessment

Legal or other duties

### 10.1 Equality Impact Assessment

10.1.1 None arising from the contents of this report.

### 10.2 Crime & Disorder

10.2.1 None arising from the contents of this report.

### 10.3 Safeguarding

10.3.1 None arising from the contents of this report.

### 10.4 Dependencies

10.4.1 Other Policy Committees are also being presented with their budgets for approval in the January committee cycle.

### 10.5 Other

10.5.1 In preparing the revenue budget estimates officers have identified the following main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

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Service	Risk	Budget Estimate 2024/25	Risk Management
Energy Costs & Inflation	<p><b>Medium:</b> The energy market is currently volatile and inflation remains well above the recent historical average.</p> <p>Inflationary prices rises are hitting all areas of the Council's operations.</p>	<p>Budgeted Inflationary Contingency:  £500k</p>	<p>Inclusion of corporate contingency budget to mitigate impact of elevated energy costs and inflation. Pursue initiatives to reduce energy usage. Regular budget monitoring of impact. Utilise any government support schemes that are announced. Use of reserves if necessary.</p>
Land and property rental income	<p><b>High:</b> Loss of tenants and commercial rental income.</p>	<p>£3.3m EEBC £626k EEPIC Dividend Income</p>	<p>Asset Management Plan – property and rent reviews.  Property/tenant management.  Use of Property Income Equalisation Reserve.</p>
Savings / Additional Income Delivery	<p><b>Medium:</b> Savings targets have been agreed across the Council's budget. There is a risk that if the savings are not delivered the Council's deficit position will widen further.</p>	<p>Budgeted savings: S&amp;R - £276k Environment: £0 C&amp;W: £30k LPPC: £50k</p>	<p>Officers will monitor income and costs throughout the year.  Progress on meeting savings targets will be reports to members through quarterly budget monitoring.</p>

## 11 Financial Implications

11.1 The draft Budget Book 2024/25 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.

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11.2 **Section 151 Officer's comments:** Financial implications are contained within the body of this report.

### 12 Legal Implications

12.1 The Council is under a statutory obligation to produce a balanced budget and to comply with its policy on equalities.

12.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.

12.3 **Legal Officer's comments:** None arise further to the contents of this report.

### 13 Policies, Plans & Partnerships

13.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

13.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

13.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

13.5 **Partnerships:** None arising from the contents of this report.

### 14 Background papers

14.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

- Strategic Financial Planning report to S&R Committee in July 2023.

**Other papers:**

- Draft 2024/25 Budget Book.