

## 2024/25 BUDGET TARGETS REPORT

<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>	None

### Summary

This report informs the Committee of the Council's revenue budget targets presented to the Strategy & Resources Committee in July. The report seeks guidance on the preparation of the Committee's service estimates for 2024/25.

### Recommendation (s)

#### The Committee is asked to:

- (1) Note the implications of the budget targets presented to Strategy & Resources Committee on 13 July 2023.
- (2) Support the changes to services and savings previously identified in Table 1 of this report and that these are included within the budget presented to this Committee in January 2024.
- (3) Consider how additional income or savings can be generated to address the projected Council wide funding gap of £1.1m in 2024/25, rising to £2.5m by 2027/28.
- (4) Note that owing to the Council's projected budget deficit, any additional new revenue growth items (i.e. service enhancements resulting in increased net expenditure) supported by Policy Committees will need to be fully funded from existing budgets.

#### 1 Reason for Recommendation

- 1.1 The recommendations will provide a clear framework for officers to develop a balanced budget for 2024/25, which is a statutory requirement.

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## 2 Background

- 2.1 Local authorities face a great deal of financial planning uncertainty over the medium term. This is mainly because central government funding settlements have tended, since the pandemic, 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.
- 2.2 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.
- 2.3 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.

## 3 Full Proposals

- 3.1 For financial planning purposes, latest forecasts show that the Council faces a projected budget deficit of £1.1m in 2024/25, rising to £2.5m by 2027/28.
- 3.2 To address this deficit, Strategy & Resources Committee agreed that the following workstreams should be progressed by Directors and Heads of Service:
  - 3.2.1 Officers to be tasked with identifying further efficiencies, although these are becoming harder to achieve after over a decade of austerity.
  - 3.2.2 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.
  - 3.2.3 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.
  - 3.2.4 Review of existing asset utilisation, to realise cost reductions in Council operational buildings and increased income from investment properties.
  - 3.2.5 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.

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3.2.6 Undertake a review of reserves, providing a justification for the level of reserves retained.

3.2.7 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.

3.2.8 To maximise external funding and partnership opportunities.

3.3 Officers will maintain engagement with policy chairs and members throughout the budgeting process, and budget forecasts and assumptions will continue to be reviewed and updated throughout the process.

3.4 Delivery of previously agreed additional income/savings totalling £30,000 within this Committee are also required for a balanced budget to be achieved for 2024/25:

<b>Table 1 - Summary of Previously Agreed Additional Income Target for 2024/25</b>		<b>2024/25</b>
		<b>£000</b>
Additional net income from Community & Wellbeing Centre	C&W	30
<b>Total</b>		<b>30</b>

3.5 Furthermore, owing to the Council's projected budget deficit, for any additional new revenue growth items (i.e. service enhancements resulting in increased net expenditure) supported by policy committees, the committee or Council will need to identify how these can be fully funded from existing budgets.

## 4 Risk Assessment

Legal or other duties

### 4.1 Impact Assessment

4.1.1 The Council has a statutory duty to set a balanced budget each year, demonstrating how planned expenditure on services will be fully funded.

4.1.2 Should the Council not progress the proposed budget strategy and fail to achieve a significant net reduction in its cost of services, there is a clear risk that reserves will continue to diminish with the Council eventually becoming unable to set a balanced budget.

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4.1.3 Financial risk assessments will be completed with service estimates for this Committee in January 2024 and for Council in February 2024.

4.2 Crime & Disorder

4.2.1 None

4.3 Safeguarding

4.3.1 None

4.4 Dependencies

4.4.1 None

4.5 Other

4.5.1 None

### 5 Financial Implications

5.1 Financial implications are set out in the strategic financial planning report to Strategy & Resources Committee of 13 July.

5.2 **Section 151 Officer's comments:** It is important that the budgets target recommendations be agreed to maintain the future financial health of the Council.

### 6 Legal Implications

6.1 The Council has a statutory responsibility to set a balanced budget each year.

6.2 **Legal Officer's comments:** None for the purposes of this report.

### 7 Policies, Plans & Partnerships

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

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

7.3 **Climate & Environmental Impact of recommendations:** None

7.4 **Sustainability Policy & Community Safety Implications:** None

7.5 **Partnerships:** None

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### 8 Background papers

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

#### **Previous reports:**

- 2024/25 Strategic Financial Planning report to Strategy & Resources  
13 July 2023.

#### **Other papers:**

- Budget Book 2023/24
- Medium Term Financial Strategy 2020 to 2024