

2025/26 BUDGET TARGETS

Head of Service:	Brendan Bradley, Chief Finance Officer
Report Author	Richard Appiah-Ampofo, Senior Accountant
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	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 2025/26.

Recommendation (s)

The Committee is asked to:

- (1) Note the implications of the budget targets presented to Strategy & Resources Committee on 23 July 2024.
- (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 2025.
- (3) Consider how additional income or savings can be generated to address the projected Council wide funding gap of £573,000 in 2025/26, rising to £720,000 per annum by 2028/29.
- (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 2025/26, which is a statutory requirement.

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2 Background

- 2.1 Since the Covid pandemic, the Council has been required to use one-off reserve funding to support its services and produce a balanced budget. This practice is unsustainable as reserve balances reduce, and the Council must find additional annual income or expenditure savings to address the budget shortfall.
- 2.2 At its meeting on 23 July 2024, Strategy and Resources Committee agreed the budget targets and workstreams to enable the Council to work towards setting a balanced budget for 2025/26.
- 2.3 The committee noted that excluding any new growth in expenditure, additional annual income/savings of £573,000 are projected to be needed to achieve a balance budget for 2025/26, increasing to £720,000 by 2028/29.

3 Full Proposals

- 3.1 For financial planning purposes, latest forecasts show that the Council faces a projected budget deficit of £573,000 in 2025/26, rising to £720,000 by 2028/29.
- 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 Service reviews focusing primarily on discretionary services to be considered at Strategy & Resources in July 2024, with the aim of increasing efficiencies and effectiveness whilst reducing cost.
 - 3.2.2 Ongoing review of existing asset utilisation to realise cost reductions in Council operational buildings and increased income from investment properties.
 - 3.2.3 Officers to be tasked with identifying further efficiencies and opportunities, although these are becoming harder to achieve after over a decade of austerity.
 - 3.2.4 A base review, which entails reviewing the year end position for 2023/24, identifying any potential savings, additional cost pressures and areas where savings can be developed.
 - 3.2.5 Continue to investigate and bring forward income streams which 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 any new charging policy for waste.

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- 3.2.6 Undertake a review of reserves to be reported to Financial Strategy Advisory Group to seek support for recommended minimum reserve balances.
- 3.2.7 A target to increase fees and charges income by 6% in 2025/26 (as previously agreed at Full Council in February 2024), then by CPI+1% from 2026/27 onwards. Increased income can come from higher volumes and does not necessarily have to be through increasing the published fee. Heads of Service review fees and charges annually to ensure any increases are achievable and report to policy committees for approval.
- 3.2.8 To maximise external funding and partnership opportunities, for example submitting grant applications as opportunities arise.
- 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 2025/26:

Table 1 – Summary of Previously Agreed Additional Income Target for 2025/26		2025/26
		£000
Additional net income from Community & Wellbeing Centre	C&W	30
Total		30

- 3.5 The Q1 Revenue Budget Monitoring Report for 2024/25 considered by Audit & Scrutiny Committee at their meeting on 26 September 2024 highlights a forecast under-recovery of income at the Wellbeing Centre and the expectation that the £30,000 additional income target set for 2024/25 will not be met.
- 3.6 At its meeting on 23 July 2024, S&R Committee approved a programme of service reviews including the community services offering and facilities at the Community & Wellbeing Centre. This review will need to consider how this target can be achieved for 2025/26 and if necessary, any alternative options.

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- 3.7 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 Equality Impact Assessment

4.1.1 None for the purposes of this report.

4.2 Crime & Disorder

4.2.1 None for the purposes of this report.

4.3 Safeguarding

4.3.1 None for the purposes of this report.

4.4 Dependencies

4.4.1 None for the purposes of this report.

4.5 Other

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

4.5.2 Should the Council not progress the proposed budget strategy and fail to achieve a significant net reduction in its cost of services, and/or the savings identified in Table 1, there is a clear risk that reserves will continue to diminish with the Council eventually becoming unable to set a balanced budget.

4.5.3 Financial risk assessments will be completed with service estimates for this Committee in January 2025 and for Council in February 2025.

5 Financial Implications

5.1 Financial implications are set out in the strategic financial planning report to Strategy & Resources Committee of 23 July 2024.

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

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

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

7.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.

7.5 **Partnerships:** None for the purposes of this report.

8 Background papers

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

Previous reports:

- 2025/26 Strategic Financial Planning report to Strategy & Resources 23 July 2024.

Other papers:

- Budget Book 2024/25.
- [Medium Term Financial Plan 2024-28](#)