

COUNCIL – 20 FEBRUARY 2024

BUDGET AND BUSINESS PLANNING 2024/25 – 2026/27

Report by the Executive Director of Resources and Section 151 Officer

RECOMMENDATIONS

1. The Council is **RECOMMENDED** to:
 - a. have regard to the statutory report of the Executive Director of Resources and Section 151 Officer (at Section 3) in approving recommendations b to d below;
 - b. (in respect of the budget and medium term financial strategy – at Section 4) approve:
 - (1) the council tax and precept calculations for 2024/25 set out in Section 4.3 and in particular:
 - (i) a precept of £498,633,415;
 - (ii) a council tax for band D equivalent properties of £1,820.56;
 - (2) a budget for 2024/25 as set out in Section 4.4;
 - (3) a medium term financial strategy for 2024/25 to 2026/27 as set out in Section 4.1 (which incorporates changes to the existing medium term financial strategy as set out in Section 4.2);
 - (4) the Financial Strategy for 2024/25 at Section 4.5;
 - (5) the Earmarked Reserves and General Balances Policy Statement 2024/25 at Section 4.6 including
 - (i) the Executive Director of Resources and Section 151 Officer's recommended level of General Balances for 2024/25 (Section 4.6), and
 - (ii) the planned level of Earmarked Reserves for 2024/25 to 2026/27 (Section 4.6.1)
 - c. (in respect of capital – at Section 5) approve:
 - (1) the Capital & Investment Strategy for 2024/25 to 2033/34 including the Prudential Indicators and Minimum Revenue Provision Methodology Statement as set out in Section 5.1;
 - (2) a Capital Programme for 2023/24 to 2033/34 as set out in Section 5.4 which includes new capital proposals set out in Section 5.3.
 - d. (in respect of treasury management – at Section 5) approve:
 - (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 at Section 5.2 including the Treasury Management Prudential Indicators and the Specified Investment and Non-Specified Investment Instruments.

- (2) that any further changes required to the 2024/25 Treasury Management Strategy be delegated to the Executive Director of Resources and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;

Executive Summary

2. This report is the culmination of the Budget and Business Planning process for 2024/25 to 2026/27. It sets out the Cabinet's proposed budget for 2024/25, medium term financial plan to 2026/27 and capital programme to 2033/34, together with a number of strategies and policies that the Council is required to approve for the 2024/25 financial year.
3. The report is divided into four sections.

Section 1 – Leader of the Council's overview

4. Section 1 sets out the Leader of the Council's overview of the proposed budget.

Section 2 - Budget engagement and consultation findings

5. Section 2 sets out responses to the council's budget engagement and consultation and observations from Performance & Corporate Services Overview & Scrutiny Committee.

Section 3 – Statutory Report by the Executive Director of Resources and Section 151 Officer

6. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the estimates made in determining the council tax requirement and on the adequacy of the proposed financial reserves. This assessment is set out in Section 3 of the report. Council is required to have regard to this report in making their decisions on the budget.

Section 4 – Revenue Budget Strategy

7. This section sets out the detailed 2024/25 revenue budget and the 2024/25 – 2026/27 medium term financial strategy, the overarching financial strategy and the Earmarked Reserves and General Balance Policy Statement. It includes those matters that the Council must approve as part of the budget setting process, including the council tax requirement and council tax amount for a Band D property.
8. The Final Local Government Settlement on 5 February 2024 included additional grant funding totalling £4.8m compared to the Provisional Local Government Finance Settlement and Cabinet's proposed budget for 2024/25 agreed on 30 January 2024. The report included a delegation to the Leader of the Council, the Cabinet Member for Finance and the Executive Director of Resources and Section 151 Officer, acting jointly, to make any appropriate changes to the proposed budget following any final funding changes as a result of the final Local Government Settlement.

9. Proposed changes to the budget to utilise the additional £4.8m grant funding to support investments on a one – off basis in 2024/25, as well as the proposed use of £1.3m of the Budget Priorities Reserve are set out in Section 4.2.1.
10. Where estimates have been made in relation to funding for 2024/25 due to final confirmation of sums not being available prior to publication of the report for Council any variations from the estimates will be reported through the Business Management and Monitoring Reports for 2024/25.

Section 5 – Capital Budget Strategy

11. This section sets out the Capital and Investment Strategy and the ten-year Capital Programme to 2033/34, together with the strategies which underpin this including the Treasury Management strategy.

Equality & Inclusion and Sustainability Implications

12. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise ‘due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.’
13. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with the council’s framework “Including Everyone”.
14. “Including Everyone” sets out how the council goes further than the protected characteristics in the Equality Act by also considering the impact our decisions might have on people living with social deprivation, rural communities, those leaving care, carers and those in our armed forces community.
15. The Climate Action Framework sets the council’s commitment to tackling the climate emergency which is underpinned by the Council’s priority to put action to address the climate emergency at the heart of our work.
16. Overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the revenue budget proposals, are included in Section 4.7 and 4.8.

Financial Implications

17. The Council is required by law to set a balanced budget for 2024/25 before 1 March 2024. Alongside this, there is a requirement under Section 25 of the Local Government Finance Act 2003 for the Chief Finance Officer to prepare a statement on the robustness of the budget estimates and the adequacy of reserves. This report completes the process to achieve these objectives.

Comments checked by: Lorna Baxter, Executive Director of Resources and Section 151 Officer

Legal Implications

18. Part 3.2 of the Council's constitution (Budget and Policy Framework) sets out the obligations and responsibilities of both the Cabinet and the Full Council in approving, adopting and implementing the council's budget and policy framework.
19. The Council Tax scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992. This report provides information which will lead to the council tax requirement being agreed for 2024/25, together with a budget for 2024/25, three-year medium term financial strategy and ten year capital programme.
20. The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the Cabinet to approve the budget and related council tax requirement.
21. The Local Government Act 2003, section 25 requires the Council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.
22. The Council has a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the Council Tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
23. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the council's budget if they have an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, they must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Comments checked by: Paul Grant, Head of Legal and Deputy Monitoring Officer

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Background papers:

- 1) Budget and Business Planning Report to Cabinet 17 October 2023
- 2) Budget and Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee 10 November 2023
- 3) Budget and Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee 8 December 2023
- 4) Budget and Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee 19 January 2024

5) Budget and Business Planning Report to Cabinet 30 January 2024

Contact Officers: Section 2.1: Kerry Middleton, Head of Communications,
Marketing and Engagement

Section 3: Lorna Baxter – Executive Director of Resources and
Section 151 Officer

Section 4: – Kathy Wilcox, Head of Corporate Finance

Section 5: – Kathy Wilcox, Head of Corporate Finance and
Natalie Crawford, Capital Programme Manager.

February 2024