

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Final 2023/24 Revenue Budget & Medium-Term Financial Strategy (2024/25 to 2027/28); including the Capital Programme
Meeting/Date:	Cabinet – 7 February 2023
Executive Portfolio:	Executive Councillor for Finance and Resources
Report by:	Director of Finance and Corporate Resources
Ward(s) affected:	All

Executive Summary:

In order for the Council to:

- set the Council Tax for the area, the Council is required to set an annual Budget for the forthcoming year,
- ensure effective future financial planning, the Council approves a Medium-Term Financial Strategy (MTFS) for the subsequent 4 years.

Consequently, this report sets out the Council's Revenue and Capital budget proposals for the 2023/24 Final Budget and the Medium-Term Financial Strategy (2024/25 to 2027/28) for Cabinet approval.

The budget includes relevant savings, income and growth proposals, non-realised savings from earlier years, the implications of other budget adjustments and the Commercial Investment Strategy, and the government's financial settlement, together with a planned Council Tax increase of 3.31% (equating to £5) for 2023/24 and then £5 increase per annum for the duration of the MTFS.

The budget also includes the Capital Programme 2023/24 to 2027/28.

The budget 2023/24 gives a Net Service Expenditure Budget of £24.1m; the detailed budget for 2023/24 and the MTFS is shown at Appendix 1

In 2023/24, the Budget maintains a breakeven position.

Recommendation:

That Cabinet recommends to Council the approval of the:

- overall Final Budget 2023/24 and MTFS 2024/25 to 2027/28 (Appendix 1, this includes the Revenue Budget at Section 2 and the Capital Programme at Section 3)

1. PURPOSE OF THE REPORT

1.1 To provide Cabinet with the detail of the Final Budget and MTFS for consideration. The report sets out:

- impacts on reserves.
- level of Council Tax.
- consideration of the Resolution that will be presented to Full Council on the 22 February 2023
- risks associated with the budget and relevant sensitivity analysis.

2. BACKGROUND

2.1 In respect of 2023/24, the Final Budget shows:

- a budget with net expenditure of £24.1m and a Budget Requirement of £24.3m,
- an MTFS that has a profiled decrease in the Budget Requirement to £21.5m by 2027/28.
- a Capital Programme of £29.4m for 2023/24, that reduces to £4.2m by 2027/28; with net internal funding of £6.5m and £2.6m respectively.

2.2 In respect of 2023/24, the Final Budget includes:

- savings and additional income of £6.274m.
- growth of £9.676m.
- the provisional finance settlement of £1.273m in respect of New Homes Bonus, £1.064m Funding Guarantee Grant, and £0.177m Revenue Support Grant.
- an estimate of £11.272m for Business Rates related income and the Collection Fund.

3. SUMMARY BUDGET 2023/24 AND MEDIUM-TERM FINANCIAL STRATEGY 2024/25 TO 2027/28

3.1 The 2023/24 Budget and Medium-Term Financial Strategy is shown in **Tables 1 & 2.**

By Head of Service	Council Services Net Expenditure Budget (2023/24) and MTFS						
	2022/23		2023/24	Medium Term Financial Strategy			
	Budget	Forecast	Budget	2024/25	2025/26	2026/27	2027/28
	£000	(September) £000	£000	£000	£000	£000	£000
Chief Operating Officer	5,176	5,247	5,261	5,574	5,708	5,825	5,979
Chief Planning Officer	441	592	967	770	645	618	662
Corporate Leadership	1,201	1,226	1,289	652	617	581	545
Corporate Resources	6,878	6,878	8,100	7,301	6,825	6,864	6,900
Economic Development	198	200	205	210	214	218	222
Housing	187	191	196	199	203	351	380
Leisure & Health	(25)	620	353	411	422	502	532
Operations	4,917	4,098	5,052	4,697	3,615	3,385	3,489
Programme Delivery	73	39	-	-	-	-	-
Strategic Insight & Delivery	(136)	179	68	(86)	(88)	(14)	4
3C ICT Shared Service	2,604	2,775	2,622	2,746	2,826	2,804	2,886
Net Expenditure	21,514	22,045	24,113	22,474	20,987	21,134	21,599

By Portfolio	Council Services Net Expenditure Budget (2023/24) and MTFS						
	2022/23		2023/24	Medium Term Financial Strategy			
	Budget	Forecast	Budget	2024/25	2025/26	2026/27	2027/28
	£000	(September) £000	£000	£000	£000	£000	£000
Community & Health	406	386	278	416	420	424	428
Corporate & Shared Services	6,926	6,999	7,336	7,574	7,773	7,923	8,094
Customers & Transactional Services	4,337	4,523	4,473	4,652	4,780	4,891	5,028
Finance & Resources	2,915	2,884	3,673	2,828	2,273	2,238	2,206
Leisure, Waste & Street Scene	4,458	4,599	5,168	4,637	3,526	3,354	3,496
Place	1,201	1,226	1,289	652	617	581	545
Planning	784	983	1,407	1,216	1,092	1,211	1,283
Regeneration & Growth, Economy & Skills	487	445	489	499	506	512	519
Net Expenditure	21,514	22,045	24,113	22,474	20,987	21,134	21,599

Net Expenditure	Council Funding Statement Budget (2023/24) and MTFS						
	2022/23		2023/24	Medium Term Financial Strategy			
	Budget	Forecast	Budget	2024/25	2025/26	2026/27	2027/28
	£000	(September) £000	£000	£000	£000	£000	£000
Net Expenditure	21,514	22,045	24,113	22,474	20,987	21,134	21,599
Contribution to/(from) Earmarked Reserves:	-	(114)	187	253	253	253	253
Contribution to/(from) General Reserves	249	127	(0)	2,774	1,469	729	(309)
Budget Requirement	21,763	22,058	24,299	25,501	22,709	22,116	21,543
Retained Business Rates Income	(27,947)	(28,156)	(33,166)	(35,716)	(34,199)	(34,934)	(35,670)
Tariff	18,536	18,536	21,360	22,944	28,812	29,392	29,971
Levy	1,855	1,957	2,462	2,704	-	-	-
Renewables	(996)	(1,170)	(1,170)	(1,170)	(1,170)	(1,344)	(1,344)
Designated (Enterprise Zones)	(405)	(660)	(758)	(758)	(758)	(758)	(758)
Damping Adjustment	-	-	-	-	(2,659)	(1,239)	3
Returned BRRS Surplus	-	-	-	-	(615)	(615)	(615)
Returned Cap Compensation	-	-	-	-	(861)	(861)	(861)
	(8,957)	(9,493)	(11,272)	(11,997)	(11,450)	(10,360)	(9,274)
Revenue Support Grant (RSG)	-	(1)	(177)	(190)	95	149	202
New Homes Bonus	(2,116)	(2,116)	(1,273)	(1,273)	-	-	-
Collection Fund (Surplus) / Deficit	104	104	(36)	-	-	-	-
Council Tax Support Funding	(126)	-	-	-	-	-	-
3% Funding Guarantee	-	-	(1,064)	(1,044)	-	-	-
22/23 Service Grant	(316)	(316)	(178)	(178)	-	-	-
HB Admin Support Grant	(370)	-	-	-	-	-	-
Rural Services Grant	(45)	(45)	(45)	(45)	(45)	(45)	(45)
Local Tier Service Grant	(206)	(206)	-	-	-	-	-
Council Tax Requirement	9,731	9,731	10,255	10,774	11,309	11,860	12,426
- Base (*)	64,501	64,501	65,795	66,979	68,185	69,412	70,661
- Per Band D (£)	150.86	150.86	155.86	160.86	165.86	170.86	175.86
- Increase (£)			5.00	5.00	5.00	5.00	5.00
- Increase %			3.31%	3.21%	3.11%	3.01%	2.93%

Impact on Reserves

- 3.2 Surpluses (or deficits) in funding are adjusted via contributions to or from reserves. In the Council's Funding Statement (**Table 3**) this is shown against the line entitled "General Reserves". In 2023/24 budget there is no budget gap.
- 3.4 The impact on the General Fund Reserve of the grant settlement from Government, the Council's policy to increase Council Tax and the savings, income and growth built into the budget 2023/24 and MTFs is shown in Table 3 below.

GENERAL RESERVES MOVEMENT							
Table 3	Reserves and MTFs						
	2022/23		2023/24	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
BUDGET SURPLUS RESERVE							
b/f	4,223	4,975	5,102	3,829	5,330	6,799	7,528
Contribution from (to) General Fund	249	127	(0)	2,774	1,469	729	(309)
Contribution from (to) CIS Reserve	-	-	(1,273)	(1,273)	-	-	-
c/f	4,472	5,102	3,829	5,330	6,799	7,528	7,219
COMMERCIAL INVESTMENT RESERVE							
b/f	5,399	5,595	5,595	6,868	8,141	8,141	8,141
Contribution to Reserve (former NHB)	-	-	-	-	-	-	-
Contribution from (to) Budget Surplus Reserve	-	-	1,273	1,273	-	-	-
c/f	5,399	5,595	6,868	8,141	8,141	8,141	8,141
GENERAL FUND (Unallocated) RESERVE							
b/f	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Contribution to/(from) Reserve	249	127	(0)	2,774	1,469	729	(309)
Contribution from(to) Budget Surplus	(249)	(127)	0	(2,774)	(1,469)	(729)	309
c/f	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Net Expenditure	21,514	22,045	24,113	22,474	20,987	21,134	21,599
Minimum Level of Reserves	2,175	2,175	2,175	2,175	2,175	2,175	2,175

4. ROBUSTNESS OF THE 2023/24 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2024/25 TO 2027/28

- 4.1 The Council's Responsible Financial Officer (S.151) has to make a statutory statement in respect of the Budget and reserves.
- 4.2 Section 8 of **Appendix 1** provides narrative in respect of risks that both the council and the wider local government community face at this time of continued public sector austerity. In addition, sensitivity analysis is applied against these risks and their impact on General Fund reserves is assessed. In summary, the key findings are:

- i. In 2023/24 the budget breaks even.
- ii. If the Council was to utilise only the General Fund and Budget Surplus Reserves, based on the assumptions in the current MTFs, the Council would be able to maintain a minimum level of General Fund (Unallocated) Reserves.
- iii. Over the 5 years of the MTFs (next year and the subsequent four years) the total net contribution to reserves is £4.663m.

4.3 Considering all the factors noted within the “Robustness” statement in respect of the 2023/24 Budget, it is considered that the combination of the Council’s:

- commitment to continue to deliver service efficiencies,
- intended direction of travel in relation to governance,
- clear indication to invest in effective services,
- prudent position relating to income recognition (including raising Council Tax), and
- presenting a balanced budget

the budget proposed for 2023/24 should not give Members any significant concerns over the Council’s financial position.

4.4 With regard to the period covered by the MTFs, the Council does face some future funding risk with the:

- expected reduction in NHB,
- the implications of Fair Funding
- re-baselining of business rates reducing NNDR income and assumptions made around compensation funding included which may not materialise, £8.32m from 2025/26 onwards and
- the ongoing issues pertaining to the localisation of Business Rates.

However, over the past few years the Council has taken proactive action to address its budgetary concerns and, with the planned continuation to find efficiencies, the Council has a sound financial base upon which it can further develop its aim of financial self-sufficiency.

5. COMMENTS OF OVERVIEW & SCRUTINY

5.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

6. KEY IMPACTS / RISKS

6.1 The setting of the budget and the Council Tax will directly impact on how Council services are to be delivered to both the residents and businesses of Huntingdonshire. Consequently, the delivery of the 2023/24 budget, when approved, will be proactively managed via the Council’s budgetary monitoring processes throughout the year. In addition to the budget itself, it is essential that the Council maintains adequate reserves to ensure that it has an effective safety net to meet unforeseen risks.

7. TIMETABLE FOR IMPLEMENTATION

- 7.1 The 2023/24 budget forms an integral part of the service planning process for 2023/24; actions and timescales required to ensure savings are achieved and service spending is in line with the approved budget will be contained within the final service plans.

8. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 8.1 The budget is the financial interpretation of the Council's strategic and operational priorities included within the entire Corporate Plan. However, the budget process itself meets the following specific aims and objectives of the Corporate Plan:

- Becoming a more efficient and effective Council.

- 8.2 This will assist the Council to:

- Become more efficient in the way it delivers services providing value for money services.

9. LEGAL IMPLICATIONS

- 9.1 As per the Sections 31A and 42A of the Local Government Finance Act 1992, the Council is required to set a balanced budget. This is achieved for 2023/24 so the setting of the Council Tax at the level mentioned within the report is appropriate.

10. RESOURCE IMPLICATIONS

- 10.1 The resource implications have been shown within the main body of this report.

11. OTHER IMPLICATIONS

- 11.1 All implications are contained within the body of the report.

12. REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 To enable Cabinet to approve and understand:
- the 2023/24 Budget and MTFS
 - The risks and impacts included within 2023/24 Budget and MTFS.

13. LIST OF APPENDICES INCLUDED

Appendix 1: 2023/24 Final Budget & Medium-Term Financial Strategy 2024/25 to 2027/28.

BACKGROUND PAPERS

Working papers in Resources; Accountancy Services

CONTACT OFFICER

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