

**Public
Key Decision - Yes**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Final 2024/25 Revenue Budget & Medium-Term Financial Strategy (2025/26 to 2028/29); including the Capital Programme

Meeting/Date: Cabinet – 6 February 2024

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 2024/25 Final Budget and the Medium-Term Financial Strategy (2025/26 to 2028/29) 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 3.21% (equating to £5) for 2024/25 and then £5 increase per annum for the duration of the MTFS.

The budget also includes the Capital Programme 2024/25 to 2028/29.

The budget 2024/25 gives a Net Service Expenditure Budget of £26.004m; the detailed budget for 2024/25 and the MTFS is shown at Appendix 1

In 2024/25, the Budget contributes £1.872m to General Reserves.

Recommendation:

That Cabinet recommends to Council the approval of the:

- overall Final Budget 2024/25 and MTFS 2025/26 to 2028/29 (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 21 February 2024.
 - risks associated with the budget and relevant sensitivity analysis.

2. BACKGROUND

- 2.1 In respect of 2024/25, the Final Budget shows:
- a budget with net expenditure of £26.004m and a Budget Requirement of £27.090m,
 - an MTFS that has a profiled decrease in the Budget Requirement to £23.982m by 2028/29.
 - a Capital Programme of £26.073m for 2024/25, that reduces to £3.340m by 2028/29; with net internal funding of £5.135m and £1.739m respectively.
- 2.2 In respect of 2024/25, the Final Budget includes:
- savings and additional income of £1.306m.
 - growth of £2.831m.
 - unavoidable cost pressures of £2.006m
 - the provisional finance settlement of £1.699m in respect of New Homes Bonus, £0.804m Funding Guarantee Grant, and £0.188m Revenue Support Grant.
 - an estimate of £13.780m for Business Rates related income.

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

3.1 The 2024/25 Budget and Medium-Term Financial Strategy is shown in **Tables 1 & 2**.

Table 1a By Head of Service	Council Services Net Expenditure Budget (2024/25) and MTFS						
	2023/24		2024/25	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Chief Operating Officer	5,261	4,998	5,801	6,343	6,438	6,593	6,703
Chief Planning Officer	967	867	745	730	682	733	785
Corporate Leadership	1,289	1,244	661	625	589	553	567
Corporate Resources	8,100	5,890	8,797	9,472	7,474	7,542	7,753
Economic Development	205	210	395	299	279	284	290
Housing	196	198	210	216	217	221	225
Leisure & Health	265	361	296	132	130	126	104
Operations	5,109	5,796	5,534	5,074	4,823	4,936	5,051
Strategic Insight & Delivery	99	337	662	556	556	500	534
3C ICT Shared Service	2,622	2,609	2,903	2,887	2,918	2,941	2,973
Net Expenditure	24,113	22,510	26,004	26,334	24,106	24,429	24,985

Table 1b By Portfolio	Council Services Net Expenditure Budget (2024/25) and MTFS						
	2023/24		2024/25	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Community & Health	278	237	311	355	358	361	364
Corporate & Shared Services	7,234	6,875	7,938	7,946	8,055	8,165	8,235
Customers & Transactional Services	4,473	4,403	4,998	5,494	5,584	5,724	5,836
Finance & Resources	3,673	1,708	3,865	4,579	2,598	2,597	2,771
Leisure, Waste & Street Scene	5,270	6,170	6,249	5,435	5,089	5,133	5,251
Place	1,289	1,244	661	625	589	553	567
Planning	1,407	1,321	1,254	1,261	1,213	1,267	1,320
Regeneration & Growth, Economy & Skills	489	552	729	639	620	629	641
Net Expenditure	24,113	22,510	26,005	26,334	24,106	24,429	24,985

Table 2	Council Funding Statement Budget (2024/25) and MTFS						
	2023/24		2024/25	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Net Expenditure	24,113	22,510	26,004	26,334	24,106	24,429	24,985
Contribution to/(from) Earmarked Reserves:	187	463	(787)	236	247	509	522
Contribution to/(from) General Reserves	(0)	2,607	1,872	1,477	(2,163)	(1,874)	(1,525)
Budget Requirement	24,299	25,580	27,090	28,047	22,191	23,065	23,982
Retained Business Rates Income	(33,166)	(34,203)	(36,843)	(38,240)	(36,070)	(37,252)	(38,509)
Tariff	21,360	21,360	22,320	22,614	28,796	29,161	29,556
Levy	2,462	2,850	3,303	3,657	1,091	1,468	1,864
Renewables	(1,170)	(1,170)	(1,170)	(1,170)	(1,169)	(1,169)	(1,169)
Designated (Enterprise Zones)	(758)	(1,390)	(1,390)	(1,457)	(1,492)	(1,528)	(1,565)
Returned BRRS Surplus	-	-	-	-	(572)	(572)	(572)
Returned Cap Compensation	-	-	-	-	(1,021)	(1,021)	(1,021)
	(11,272)	(12,553)	(13,780)	(14,596)	(10,437)	(10,914)	(11,417)
Revenue Support Grant (RSG)	(177)	(177)	(188)	(178)	(162)	(98)	(28)
New Homes Bonus	(1,273)	(1,273)	(1,699)	-	-	-	-
Collection Fund (Surplus) / Deficit	(36)	(36)	93	-	-	-	-
3% Funding Guarantee	(1,064)	(1,051)	(804)	(2,107)	-	-	-
Services Grant	(178)	(185)	(29)	(29)	-	-	-
Rural Services Grant	(45)	(50)	(50)	(50)	(50)	(50)	(50)
Council Tax Requirement	10,255	10,255	10,632	11,087	11,541	12,003	12,487
- Base (*)	65,795.0	65,795.0	66,095.9	66,845.2	67,544.9	68,251.4	69,043.4
- Per Band D (£)	155.86	155.86	160.86	165.86	170.86	175.86	180.86
- Increase (£)			5.00	5.00	5.00	5.00	5.00
- Increase %			3.21%	3.11%	3.01%	2.93%	2.84%

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 2024/25 we anticipate making a contribution to General Reserves of £1.872m.
- 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 for 2024/25 and the MTFS is shown in Table 3 below.

GENERAL RESERVES MOVEMENT							
Table 3	Reserves and MTFS						
	2023/24		2024/25	Medium Term Financial Strategy			
	Budget £000	Forecast £000	Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
BUDGET SURPLUS RESERVE							
b/f	5,102	4,896	6,230	6,403	7,880	5,717	3,843
Contribution from (to) General Fund	(0)	2,607	1,872	1,477	(2,163)	(1,874)	(1,525)
Contribution from (to) CIS Reserve	(1,273)	(1,273)	(1,699)	-	-	-	-
c/f	3,829	6,230	6,403	7,880	5,717	3,843	2,318
COMMERCIAL INVESTMENT RESERVE							
b/f	5,595	6,339	7,212	8,911	8,911	8,911	8,911
Contribution from (to) General Fund	-	-	-	-	-	-	-
Contribution from (to) Budget Surplus Reserve	1,273	1,273	1,699	-	-	-	-
Use of Reserve	-	(400)	-	-	-	-	-
c/f	6,868	7,212	8,911	8,911	8,911	8,911	8,911
GENERAL FUND (Unallocated) RESERVE							
b/f	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Contribution to/(from) Reserve	(0)	2,607	1,872	1,477	(2,163)	(1,874)	(1,525)
Contribution from(to) Budget Surplus	0	(2,607)	(1,872)	(1,477)	2,163	1,874	1,525
c/f	2,175	2,175	2,175	2,175	2,175	2,175	2,175
Net Expenditure	24,113	22,510	26,004	26,334	24,106	24,429	24,985
Minimum Level of Reserves	2,175	2,175	2,175	2,175	2,175	2,175	2,175

4. ROBUSTNESS OF THE 2024/25 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2025/26 TO 2028/29

- 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 2024/25 the Council makes a contribution to General Reserves of £1.872m.
- 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 from reserves is £2.212m.

4.3 Considering all the factors noted within the “Robustness” statement in respect of the 2024/25 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 2024/25 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:

- confirmed cessation of NHB;
- implications of Fair Funding;
- re-baselining of business rates reducing NNDR income and assumptions made around compensation funding included which may not materialise, £4.779m 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 2024/25 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 2024/25 budget forms an integral part of the service planning process for 2024/25; 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 2024/25 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 2024/25 Budget and MTFs
 - The risks and impacts included within 2024/25 Budget and MTFs.

13. LIST OF APPENDICES INCLUDED

Appendix 1: 2024/25 Final Budget & Medium-Term Financial Strategy 2025/26 to 2028/29.

BACKGROUND PAPERS

Working papers in Resources; Accountancy Services

CONTACT OFFICER

Karen Sutton, Director of Finances and Corporate Resources, & S151 Officer