

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: 2025/26 Revenue Budget & Medium-Term Financial Strategy (2026/27 to 2029/30); including the Capital Programme

Meeting/Date: Cabinet – 11 February 2025
Executive Portfolio: Executive Councillor for Finance and Resources
Cllr Brett Mickelburgh

Report by: Corporate Director of Finance and Resources

Wards 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 2025/26 Budget and the Medium-Term Financial Strategy (2026/27 to 2029/30) for Cabinet to approve for recommendation to Council.

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 3.11% (equating to £5) for 2025/26 and 2026/27, and then 2.99% increase per annum for the remainder of the MTFS to align with statutory guidance.

The budget also includes the Capital Programme 2025/26 to 2029/30.

The budget 2025/26 gives a Net Service Expenditure Budget of £26.464m; the detailed budget for 2025/26 and the MTFS is shown at Appendix 1.

In 2025/26, the Budget maintains a breakeven position.

Recommendation:

That Cabinet recommends to Council the approval of the:

- overall Final Budget 2025/26 and MTFS 2026/27 to 2029/30 (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 26 February 2025.
- risks associated with the budget and relevant sensitivity analysis.

2. BACKGROUND

2.1 In respect of 2025/26, the Final Budget shows:

- a budget with net expenditure of £26.464m and a Budget Requirement of £26.684m,
- an MTFS that has a profiled decrease in the Budget Requirement to £24.642m by 2029/30.
- a Capital Programme of £14.527m for 2025/26, that reduces to £3.783m by 2029/30; with net internal funding of £9.124m and £2.282m respectively.

2.2 In respect of 2025/26, the Final Budget includes:

- savings and additional income of £6.680m.
- growth of £6.811m.
- unavoidable cost pressures of £2.123m
- the provisional finance settlement of £1.472m in respect of New Homes Bonus, £0.724m Funding Guarantee Grant, and £0.216m Revenue Support Grant.
- an estimate of £13.171m for Business Rates related income.

3. SUMMARY BUDGET 2025/26 AND MEDIUM-TERM FINANCIAL STRATEGY 2026/27 TO 2029/30

3.1 The 2025/26 Budget and Medium-Term Financial Strategy is shown in **Tables 1 & 2.**

Table 1a By Head of Service	Council Services Net Expenditure Budget (2025/26) and MTFS						
	2024/25		2025/26	Medium Term Financial Strategy			
	Budget £m	Forecast £m	Budget £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Chief Digital Information Officer	2.945	2.762	3.137	3.163	3.209	3.256	3.302
Chief Executive Officer	0.817	2.059	1.194	1.150	1.093	1.113	1.133
Communications, Engagement & Public Affairs	0.164	0.166	0.247	0.252	0.258	0.263	0.268
Customer Change Director	4.060	5.088	4.898	5.037	5.155	5.234	5.325
Democratic Services & Monitoring Officer	1.554	1.591	1.744	1.788	1.759	1.785	1.811
Economy, Regeneration & Housing	(0.582)	(0.454)	(0.302)	(0.477)	(0.437)	(0.368)	(0.339)
Environmental Services	5.453	4.115	4.277	4.394	4.274	4.321	4.360
Finance	7.740	5.857	7.618	7.256	7.427	7.753	7.897
Human Resources & Officer Development	0.922	0.942	0.984	0.893	0.866	0.880	0.894
Leisure, Health & Environment	1.737	1.667	1.213	0.303	0.030	(0.078)	(0.147)
Planning, Infrastructure & Public Protection	2.437	2.343	2.794	2.739	2.821	2.915	3.006
Policy, Performance & Emergency Planning	0.581	0.474	0.881	0.837	0.907	0.923	0.940
Property & Facilities	(1.824)	(1.422)	(2.221)	(2.170)	(2.185)	(2.122)	(2.107)
Net Expenditure	26.004	25.188	26.464	25.165	25.177	25.875	26.343

Table 1b By Portfolio	Council Services Net Expenditure Budget (2025/26) and MTFS						
	2024/25		2025/26	Medium Term Financial Strategy			
	Budget £m	Forecast £m	Budget £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Climate, Transformation & Workforce	4.201	4.050	4.499	4.412	4.565	4.634	4.704
Communities, Health & Leisure	2.090	1.968	1.330	0.698	0.507	0.509	0.434
Economic, Regeneration & Housing	0.679	0.500	0.738	0.841	0.866	0.934	0.952
Finance & Resources	3.455	2.198	3.117	2.649	2.762	3.048	3.202
Governance & Democratic Services	1.494	1.592	1.576	1.597	1.620	1.641	1.662
Leader	0.592	2.151	0.901	0.871	0.809	0.823	0.837
Parks & Countryside, Waste & Street Scene	5.413	4.318	4.545	4.289	4.143	4.192	4.260
Planning	1.524	1.416	1.671	1.616	1.697	1.754	1.812
Resident Services & Corporate Performance	6.556	6.995	8.087	8.192	8.208	8.340	8.480
Net Expenditure	26.004	25.188	26.464	25.165	25.177	25.875	26.343

Table 2	Council Funding Statement Budget (2025/26) and MTFS						
	2024/25		2025/26	Medium Term Financial Strategy			
	Budget £m	Forecast £m	Budget £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Net Expenditure	26.004	25.188	26.464	25.165	25.177	25.875	26.343
Contribution to/(from) Earmarked Reserves	(0.787)	(0.780)	0.221	0.244	0.256	0.518	0.530
Contribution to/(from) General Reserves	1.872	1.503	(0.000)	(0.442)	(1.184)	(2.669)	(2.231)
Budget Requirement	27.090	25.911	26.685	24.967	24.249	23.723	24.642
Retained Business Rates Income	(36.843)	(34.668)	(35.867)	(34.105)	(35.249)	(36.465)	(37.712)
Tariff	22.320	22.320	22.565	28.049	28.406	28.792	29.176
Levy	3.303	2.535	2.725	0.488	0.849	1.229	1.626
Renewables	(1.170)	(1.156)	(1.146)	(1.146)	(1.146)	(1.146)	(1.146)
Designated (Enterprise Zones)	(1.390)	(1.410)	(1.412)	(1.481)	(1.517)	(1.553)	(1.590)
Green Plant & Machinery Grant	-	(0.036)	(0.036)	-	-	-	-
Returned BRRS Surplus	-	-	-	(0.584)	(0.584)	(0.584)	(0.584)
Returned Cap Compensation	-	-	-	(1.005)	(1.005)	(1.005)	(1.005)
Damping	-	-	-	(2.976)	(1.394)	-	-
	(13.780)	(12.415)	(13.171)	(12.760)	(11.640)	(10.732)	(11.236)
Revenue Support Grant (RSG)	(0.188)	(0.188)	(0.216)	(0.425)	(0.360)	(0.290)	(0.220)
New Homes Bonus	(1.699)	(1.699)	(1.472)	-	-	-	-
Collection Fund Deficit	0.093	0.093	0.242	-	-	-	-
Minimum Funding Guarantee Grant	(0.804)	(0.979)	(0.724)	-	-	-	-
Employers' NICs funding	-	-	(0.245)	(0.245)	(0.245)	(0.245)	(0.245)
Services Grant	(0.029)	(0.032)	-	-	-	-	-
Rural Services Grant	(0.050)	(0.058)	-	-	-	-	-
Second Home Premium	-	-	(0.045)	(0.046)	(0.047)	(0.049)	(0.050)
Council Tax Requirement	10.632	10.632	11.053	11.491	11.957	12.408	12.891
- Base (*)	66,095.9	66,095.9	66,638.0	67,256.1	67,949.0	68,465.1	69,066.3
- Per Band D (£)	160.86	160.86	165.86	170.86	175.97	181.23	186.65
- Increase (£)			5.00	5.00	5.11	5.26	5.42
- Increase %			3.11%	3.01%	2.99%	2.99%	2.99%

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 2**) this is shown against the line entitled "General Reserves".
- 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 2025/26 and the MTFs is shown in **Table 3** below.

GENERAL RESERVES MOVEMENT							
Table 3	Reserves and MTFs						
	2024/25		2025/26	Medium Term Financial Strategy			
	Budget £m	Forecast £m	Budget £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
BUDGET SURPLUS RESERVE							
b/f	6.230	6.398	6.201	4.729	4.287	3.103	0.434
Contribution from (to) General Fund	1.872	1.503	(0.000)	(0.442)	(1.184)	(2.669)	(2.231)
Contribution from (to) CIS Reserve	(1.699)	(1.699)	(1.472)	-	-	-	1.797
c/f	6.403	6.201	4.729	4.287	3.103	0.434	-
COMMERCIAL INVESTMENT RESERVE							
b/f	7.212	5.804	7.503	8.975	8.975	8.975	8.975
Contribution from (to) Budget Surplus Reserve	1.699	1.699	1.472	-	-	-	(1.797)
c/f	8.911	7.503	8.975	8.975	8.975	8.975	7.178
GENERAL FUND (Unallocated) RESERVE							
b/f	2.175	2.175	2.175	2.175	2.175	2.175	2.175
Contribution to/(from) Reserve	1.872	1.503	(0.000)	(0.442)	(1.184)	(2.669)	(2.231)
Contribution from(to) Budget Surplus	(1.872)	(1.503)	0.000	0.442	1.184	2.669	2.231
c/f	2.175	2.175	2.175	2.175	2.175	2.175	2.175
Minimum Level of Reserves	2.175	2.175	2.175	2.175	2.175	2.175	2.175

4. ROBUSTNESS OF THE 2025/26 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2026/27 TO 2029/30

- 4.1 The Council's Responsible Financial Officer (S151 Officer) 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 2025/26 the Council does not make contribution to or a draw from General Reserves.
 - 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 General Reserves is £6.526m.

4.3 Considering all the factors noted within the Robustness statement in respect of the 2025/26 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 2025/26 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, £10.724m from 2026/27 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 circulated in advance of the Cabinet's meeting.

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 2025/26 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 2025/26 budget forms an integral part of the service planning process for 2025/26; 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 2025/26 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 2025/26 Budget and MTFs
- The risks and impacts included within 2025/26 Budget and MTFs.

13. LIST OF APPENDICES INCLUDED

Appendix 1: 2025/26 Budget & Medium-Term Financial Strategy 2026/27 to 2029/30.

Appendix 2: 2024/25 Finance Performance Report – Q3 Forecast and associated appendices

BACKGROUND PAPERS

None

CONTACT OFFICER

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