

Rother District Council

Report to	-	Council
Date	-	26 February 2024
Report of the	-	Chief Executive
Subject	-	Budget 2024/25

Recommendation: It be **RESOLVED:** That the following be approved:

1. The updated General Fund Summary and movement in reserves (Appendix A);
 2. The formal Council Tax Resolution (Appendix B); and
 3. The Optimum Level of the General Fund Reserve for 2024/25 to 2027/28 (Appendix D).
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Introduction

1. The Localism Act 2011 requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously. There have been three changes to the budget since the Cabinet meeting as follows;
 - The final settlement figures for 2024/25 have now been announced and incorporated into the updated position (£176k reduction);
 - The £611k savings for shared services have been removed to allow for a further year of planning before these savings are anticipated. This leaves savings of c£2.6m built into next year's budget; and
 - As per the delegation included within the budget report to Cabinet, the special expenses position has now been reviewed and a provision of (£787k) is included as detailed within Appendix C.
2. The above changes do not impact on the bottom line of the 2024/25 budget which still shows a deficit and reserve requirement of £185k. These changes have been built into the updated General Fund summary in Appendix A.
3. The precept levels of other precepting bodies have been received and are detailed below:

Town and Parish Councils

4. The Town and Parish Council Precepts (including Special Expenses for Bexhill and Rye) for 2024/25 are detailed in Appendix C and total £3,769,450 (2023/24 £3,468,114). The increase results in an average Band D Council Tax figure of £96.17 (£90.03 for 2023/24).

East Sussex County Council

5. East Sussex County Council met on 6 February 2024 and set their precept at £69,705,306 (£65,246,531 in 2023/24) for the area of Rother. This results in a Band D Council Tax of £1,778.31 (£1,693.80 in 2023/24). This includes the Adult Social Care Precept of £256.50 (£222.66 2023/34) at Band D.

Sussex Police and Crime Commissioner

- Sussex Police and Crime Commissioner met on 5 February 2024 and set their precept at £9,913,440 (£9,241,525 in 2023/24) for the area of Rother. This results in a Band D Council Tax of £252.91 (£239.91 in 2023/24).

East Sussex Fire Authority

- East Sussex Fire Authority met on 8 February 2024 and set their precept at £4,213,339 (£4,020,416 in 2023/24) for the area of Rother. This results in a Band D Council Tax of £107.49 (£104.37 in 2022/23).

Excessive Council Tax increases

- The Localism Act 2011 introduced a requirement for a local authority to determine whether its proposed Council Tax increase for a financial year is excessive, in which case a local referendum would be needed. The Secretary of State has indicated that for 2024/25, the maximum amount that a District Council can increase its Council Tax is the higher of either 3% or £5.
- Cabinet have recommended Rother District Council's basic amount of tax for 2024/25 to be increased by £5.94 (2.99%) to £204.54 (£198.60 2023/24), which is within the Secretary of State's guidelines and is therefore not excessive. This represents a Council Tax requirement of £8,017,457, (£7,650,285 in 2023/24).

Budget Consultation

- The Council budget consultation with residents and businesses closed on the 17 December 2023. There was a total of 694 (126 2023/24) responses, a summary of the results can be found within Appendix E of the budget report to Cabinet on 5 February 2024.

Conclusions

- The recommendations of the Cabinet are set out in the formal Council Tax Resolution in Appendix B. If the formal Council Tax Resolution at Appendix B is approved, the total Band D Council Tax will be as follows:

	2023/24	2024/25	Increase
	£	£	%
Rother District Council	198.60	204.54	2.99%
East Sussex County Council	1,471.14	1,521.81	3.44%
<i>East Sussex County Council – social care precept</i>	222.66	256.50	15.20%
Total East Sussex County Council	1,693.80	1,778.31	4.99%
East Sussex Fire & Rescue Authority	104.37	107.49	2.99%
Sussex Police and Crime Commissioner	239.91	252.91	5.42%
Sub-total	2,236.68	2,343.25	4.76%
Town and Parish Council (average)	90.03	96.17	6.81%
Total	2,326.72	2,439.42	4.84%

Lorna Ford - Chief Executive

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Appendix A

	2023/24 Budget (updated) £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	2026/27 Budget £ (000)	2027/28 Budget £ (000)
Departmental Budgets					
Chief Executive	3,539	3,170	3,056	2,935	2,892
Deputy Chief Executive	4,703	4,860	4,852	4,845	4,842
Director Place & Climate Change	8,784	7,335	7,192	7,041	6,987
Total Cost of Services	17,026	15,365	15,100	14,821	14,721
Net Financing Costs	(170)	(166)	430	462	621
Contract and Income Inflation	0	0	(113)	(116)	82
Additional 1% staff pay award	0	100	100	100	100
Fit for the Future - savings projections/service pressures	0	0	(917)	(1,223)	(1,223)
Net Cost of Services	16,856	15,299	14,600	14,044	14,301
Special Expenses	(751)	(787)	0	0	0
Business Rates - retained share	(4,849)	(4,820)	(4,965)	(5,114)	(5,267)
Non-Specific Revenue Grants (Government)	(1,157)	(1,490)	(1,337)	(1,371)	(1,406)
Council Tax Requirement (Rother only)	(7,650)	(8,017)	(8,344)	(8,727)	(9,148)
Collection Fund (Surplus)/Deficit	0	0	0	0	0
Total Income	(14,407)	(15,114)	(14,646)	(15,212)	(15,821)
Funding Gap	2,449	185	(46)	(1,168)	(1,520)
Earmarked and General Reserves	(8,128)	(5,419)	(5,234)	(5,280)	(6,448)
Use of/(Contribution to) Reserves	2,449	185	(46)	(1,168)	(1,520)
Contribution from revenue to capital expenditure	260	0	0	0	0
Total Reserves	(5,419)	(5,234)	(5,280)	(6,448)	(7,969)
Reserves as a % of Net Cost of Services	32%	34%	36%	46%	56%

Budget 2024/25

DRAFT RESOLUTION

To consider and, if thought fit, to pass a resolution in the following terms: -

1. (a) That Council approves the Rother District Council General Fund Council Tax Requirement of £8,017,457 for 2024/25 and the resultant Band D tax of £204.54 as set out in this report.
- (b) As per the delegation included within the budget report to Cabinet, the special expenses position has now been reviewed and a provision of £786,630 has been made as detailed within Appendix C. The expenses incurred by the Council, in the sum of £711,556 in respect of Bexhill and £75,074 in respect of Rye, should now be approved as the Special Expenses chargeable to residents of Bexhill and Rye respectively. All other expenses incurred by the Council (excluding Parish Precepts) be approved as general expenditure for the purposes of section 35 of the Local Government Finance Act 1992. (This resolution will be reviewed annually).
2. That it be noted, the following amounts for the year 2024/25 in accordance with Regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992, made under section 33 (5) of the Local Government Finance Act 1992:-
 - (a) 39,197.50 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012, as its Council Tax base for the year.
 - (b)

Ashburnham & Penhurst	192.37	Etchingham	433.01	Rye Foreign	156.59
Battle	2,904.96	Ewhurst	558.54	Salehurst & Robertsbridge	1,033.72
Beckley	563.26	Fairlight	910.85	Sedlescombe	678.27
Bexhill	17,332.72	Guestling	643.37	Ticehurst	1,743.25
Bodiam	170.06	Hurst Green	598.65	Udimore	191.69
Brede	868.68	Icklesham	1,248.21	Westfield	1,135.37
Brightling	198.66	Iden	235.04	Whatlington	160.72
Burwash	1,276.43	Mountfield	208.20		
Camber	666.67	Northiam	1,063.51		
Catsfield	387.60	Peasmarsh	509.10		
Crowhurst	378.26	Pett	465.84		
Dallington	173.79	Playden	161.02		
East Guldeford	32.93	Rye	1,916.16		

being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. That the following amounts be now calculated by the Council for the year 2024/25 in accordance with sections 32 to 38 of the Local Government and Finance Act 1992 as amended: -

- a. £52,749,160 Being the aggregate of the amounts which the Council estimates for the items set out in section 32(2)(a) to (e) of the Act. (this amount is the Council's gross expenditure including the Parish Council Precepts and the Special Expenses for Bexhill and Rye).
- b. -£40,962,254 Being the aggregate of the amounts which the Council estimates for the items set out in section 32(3)(a) to (c) of the Act.
- c. £11,786,906 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with section 32(4) of the Act, as its council tax requirement for the year.
- d. £300.71 being the amount at 3(c) divided by the amount at 2 above (Item T), calculated by the Council, in accordance with section 33(1) of the Act, as the basic amount of its council tax for the year.
- e. £3,769,450 Being the aggregate amount of all special items referred to in section 35(1) of the Act
- f. £204.54 Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

g.

<u>PARISH COUNCIL AREA</u>	Band D
	£
Ashburnham & Penhurst	279.92
Battle	368.15
Beckley	248.92
Bexhill	286.74
Bodiam	293.97
Brede	252.53
Brightling	247.13
Burwash	293.22
Camber	299.79
Catsfield	287.10
Crowhurst	297.64
Dallington	267.83
East Guldeford	204.54
Etchingham	393.91
Ewhurst	348.55
Fairlight	308.84
Guestling	220.05
Hurst Green	299.39
Icklesham	338.12
Iden	272.61
Mountfield	262.18
Northiam	310.79
Peasmarsh	277.22
Pett	260.35
Playden	235.59
Rye	374.55
Rye Foreign	220.51
Salehurst	329.61
Sedlescombe	304.28
Ticehurst	295.81
Udimore	241.06
Westfield	302.31
Whatlington	250.93

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

h.

<u>LOCAL TAX AREA</u>	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Ashburnham & Penhurst	186.61	217.72	248.81	279.92	342.12	404.33	466.53	559.84
Battle	245.43	286.34	327.24	368.15	449.96	531.78	613.58	736.30
Beckley	165.95	193.61	221.26	248.92	304.23	359.55	414.87	497.84
Bexhill	191.16	223.03	254.88	286.74	350.45	414.18	477.90	573.48
Bodiam	195.98	228.65	261.30	293.97	359.29	424.63	489.95	587.94
Brede	168.35	196.42	224.47	252.53	308.64	364.77	420.88	505.06
Brightling	164.75	192.22	219.67	247.13	302.04	356.97	411.88	494.26
Burwash	195.48	228.06	260.64	293.22	358.38	423.54	488.70	586.44
Camber	199.86	233.17	266.48	299.79	366.41	433.03	499.65	599.58
Catsfield	191.40	223.30	255.20	287.10	350.90	414.70	478.50	574.20
Crowhurst	198.43	231.50	264.57	297.64	363.78	429.93	496.07	595.28
Dallington East	178.55	208.32	238.07	267.83	327.34	386.87	446.38	535.66
Guldeford	136.36	159.09	181.81	204.54	249.99	295.45	340.90	409.08
Etchingham	262.61	306.38	350.14	393.91	481.44	568.98	656.52	787.82
Ewhurst	232.37	271.10	309.82	348.55	426.00	503.46	580.92	697.10
Fairlight	205.89	240.21	274.52	308.84	377.47	446.11	514.73	617.68
Guestling	146.70	171.15	195.60	220.05	268.95	317.85	366.75	440.10
Hurst Green	199.59	232.86	266.12	299.39	365.92	432.46	498.98	598.78
Icklesham	225.41	262.99	300.55	338.12	413.25	488.40	563.53	676.24
Iden	181.74	212.03	242.32	272.61	333.19	393.77	454.35	545.22
Mountfield	174.79	203.92	233.05	262.18	320.44	378.71	436.97	524.36
Northiam	207.19	241.73	276.25	310.79	379.85	448.92	517.98	621.58
Peasmarsh	184.81	215.62	246.41	277.22	338.82	400.43	462.03	554.44
Pett	173.57	202.50	231.42	260.35	318.20	376.06	433.92	520.70
Playden	157.06	183.24	209.41	235.59	287.94	340.30	392.65	471.18
Rye	249.70	291.32	332.93	374.55	457.78	541.02	624.25	749.10
Rye Foreign	147.01	171.51	196.01	220.51	269.51	318.52	367.52	441.02
Salehurst	219.74	256.37	292.98	329.61	402.85	476.11	549.35	659.22
Sedlescombe	202.85	236.67	270.47	304.28	371.89	439.52	507.13	608.56
Ticehurst	197.21	230.08	262.94	295.81	361.54	427.28	493.02	591.62
Udimore	160.71	187.49	214.27	241.06	294.63	348.20	401.77	482.12
Westfield	201.54	235.13	268.72	302.31	369.49	436.67	503.85	604.62
Whatlington	167.29	195.17	223.05	250.93	306.69	362.46	418.22	501.86

being the amounts given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band "D", calculated by the Council, in accordance with section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different Valuation Bands.

- That the Council notes that for the year 2024/25, East Sussex County Council, the Sussex Police & Crime Commissioner and the East Sussex Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
East Sussex County Council	1,185.54	1,383.13	1,580.72	1,778.31	2,173.49	2,568.67	2,963.85	3,556.62
- Council Tax	1,014.54	1,183.63	1,352.72	1,521.81	1,859.99	2,198.17	2,536.35	3,043.62
- Social Care Precept	171.00	199.50	228.00	256.50	313.50	370.50	427.50	513.00
Sussex Police and Crime Commissioner	168.61	196.71	224.81	252.91	309.11	365.31	421.52	505.82
East Sussex Fire and Rescue	71.66	83.60	95.55	107.49	131.38	155.26	179.15	214.98

5. That, having calculated the aggregate each case of the amounts at 3(h) and 4 above, the Council, in accordance with section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwellings shown below: -
6. The Deputy Chief Executive and Section 151 Officer be authorised to authenticate and serve all notices etc required in connection with the Council Tax and National Non-Domestic Rate.

Assessment as to whether change in Council Tax is excessive

7. That the Council's relevant basic amount of Council Tax for 2024/25 is not excessive in accordance with the principles approved under section 52B(3) of the Local Government Act 1992.

Valuation Bands

LOCAL TAX

<u>AREA</u>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Ashburnham								
& Penhurst	1,612.42	1,881.16	2,149.89	2,418.63	2,956.10	3,493.57	4,031.05	4,837.26
Battle	1,671.24	1,949.78	2,228.32	2,506.86	3,063.94	3,621.02	4,178.10	5,013.72
Beckley	1,591.76	1,857.05	2,122.34	2,387.63	2,918.21	3,448.79	3,979.39	4,775.26
Bexhill	1,616.97	1,886.47	2,155.96	2,425.45	2,964.43	3,503.42	4,042.42	4,850.90
Bodiam	1,621.79	1,892.09	2,162.38	2,432.68	2,973.27	3,513.87	4,054.47	4,865.36
Brede	1,594.16	1,859.86	2,125.55	2,391.24	2,922.62	3,454.01	3,985.40	4,782.48
Brightling	1,590.56	1,855.66	2,120.75	2,385.84	2,916.02	3,446.21	3,976.40	4,771.68
Burwash	1,621.29	1,891.50	2,161.72	2,431.93	2,972.36	3,512.78	4,053.22	4,863.86
Camber	1,625.67	1,896.61	2,167.56	2,438.50	2,980.39	3,522.27	4,064.17	4,877.00
Catsfield	1,617.21	1,886.74	2,156.28	2,425.81	2,964.88	3,503.94	4,043.02	4,851.62
Crowhurst	1,624.24	1,894.94	2,165.65	2,436.35	2,977.76	3,519.17	4,060.59	4,872.70
Dallington	1,604.36	1,871.76	2,139.15	2,406.54	2,941.32	3,476.11	4,010.90	4,813.08
East Guldeford	1,562.17	1,822.53	2,082.89	2,343.25	2,863.97	3,384.69	3,905.42	4,686.50
Etchingham	1,688.42	1,969.82	2,251.22	2,532.62	3,095.42	3,658.22	4,221.04	5,065.24
Ewhurst	1,658.18	1,934.54	2,210.90	2,487.26	3,039.98	3,592.70	4,145.44	4,974.52
Fairlight	1,631.70	1,903.65	2,175.60	2,447.55	2,991.45	3,535.35	4,079.25	4,895.10
Guestling	1,572.51	1,834.59	2,096.68	2,358.76	2,882.93	3,407.09	3,931.27	4,717.52
Hurst Green	1,625.40	1,896.30	2,167.20	2,438.10	2,979.90	3,521.70	4,063.50	4,876.20
Icklesham	1,651.22	1,926.43	2,201.63	2,476.83	3,027.23	3,577.64	4,128.05	4,953.66
Iden	1,607.55	1,875.47	2,143.40	2,411.32	2,947.17	3,483.01	4,018.87	4,822.64
Mountfield	1,600.60	1,867.36	2,134.13	2,400.89	2,934.42	3,467.95	4,001.49	4,801.78
Northiam	1,633.00	1,905.17	2,177.33	2,449.50	2,993.83	3,538.16	4,082.50	4,899.00
Peasmarsh	1,610.62	1,879.06	2,147.49	2,415.93	2,952.80	3,489.67	4,026.55	4,831.86
Pett	1,599.38	1,865.94	2,132.50	2,399.06	2,932.18	3,465.30	3,998.44	4,798.12
Playden	1,582.87	1,846.68	2,110.49	2,374.30	2,901.92	3,429.54	3,957.17	4,748.60
Rye	1,675.51	1,954.76	2,234.01	2,513.26	3,071.76	3,630.26	4,188.77	5,026.52
Rye Foreign	1,572.82	1,834.95	2,097.09	2,359.22	2,883.49	3,407.76	3,932.04	4,718.44
Salehurst	1,645.55	1,919.81	2,194.06	2,468.32	3,016.83	3,565.35	4,113.87	4,936.64
Sedlescombe	1,628.66	1,900.11	2,171.55	2,442.99	2,985.87	3,528.76	4,071.65	4,885.98
Ticehurst	1,623.02	1,893.52	2,164.02	2,434.52	2,975.52	3,516.52	4,057.54	4,869.04
Udimore	1,586.52	1,850.93	2,115.35	2,379.77	2,908.61	3,437.44	3,966.29	4,759.54
Westfield	1,627.35	1,898.57	2,169.80	2,441.02	2,983.47	3,525.91	4,068.37	4,882.04
Whatlington	1,593.10	1,858.61	2,124.13	2,389.64	2,920.67	3,451.70	3,982.74	4,779.28

Appendix C

Council Tax 2024/25
Local Precepts

<u>PARISH COUNCIL AREA</u>	2024/25			2023/24			% COUNCIL TAX CHANGE
	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	LOCAL PRECEPT	divided by LOCAL TAX BASE	gives LOCAL BAND D COUNCIL TAX	
Ashburnham & Penhurst	14,500.00	192.37	75.38	13,650.00	186.18	73.32	2.81
Battle	475,270.00	2,904.96	163.61	399,777.00	2,790.34	143.27	14.20
Beckley	25,000.00	563.26	44.38	25,000.00	551.86	45.30	-2.03
Bexhill-on-Sea Town Council - see note 1	713,164.00	17,332.72	41.15	651,715.00	17,013.63	38.31	7.41
Bodiam	15,209.00	170.06	89.43	11,420.00	166.52	68.58	30.40
Brede	41,686.00	868.68	47.99	39,945.00	858.06	46.55	3.09
Brightling	8,460.00	198.66	42.59	7,894.00	200.04	39.46	7.93
Burwash	113,198.00	1,276.43	88.68	105,792.00	1,257.16	84.15	5.38
Camber	63,498.00	666.67	95.25	63,498.00	661.36	96.01	-0.79
Catsfield	32,000.00	387.60	82.56	32,000.00	383.66	83.41	-1.02
Crowhurst	35,217.71	378.26	93.10	32,455.00	371.97	87.25	6.70
Dallington	11,000.00	173.79	63.29	9,435.00	172.61	54.66	15.79
East Guldeford	0.00	32.93	0.00	0.00	33.13	0.00	0.00
Etchingham	82,000.00	433.01	189.37	71,600.00	422.20	169.59	11.66
Ewhurst	80,437.00	558.54	144.01	77,343.00	556.97	138.86	3.71
Fairlight	95,000.00	910.85	104.30	90,000.00	891.58	100.94	3.33
Guestling	9,977.00	643.37	15.51	9,547.00	635.71	15.02	3.26
Hurst Green	56,784.00	598.65	94.85	48,681.00	587.34	82.88	14.44
Icklesham	166,729.95	1,248.21	133.58	159,580.00	1,235.63	129.15	3.43
Iden	16,000.00	235.04	68.07	16,000.00	233.76	68.45	-0.56
Mountfield	12,000.00	208.20	57.64	12,000.00	202.69	59.20	-2.64
Northiam	113,000.00	1,063.51	106.25	107,500.00	1,045.03	102.87	3.29
Peasmarsh	37,000.00	509.10	72.68	37,000.00	503.20	73.53	-1.16
Pett	26,000.00	465.84	55.81	23,000.00	466.93	49.26	13.30
Playden	5,000.00	161.02	31.05	5,000.00	163.57	30.57	1.57
Rye Town Council - see note 2	250,687.00	1,916.16	130.83	220,490.00	1,915.77	115.09	13.68
Rye Foreign	2,500.00	156.59	15.97	2,000.00	156.40	12.79	24.86
Salehurst & Robertsbridge	129,287.00	1,033.72	125.07	116,912.00	1,025.07	114.05	9.66
Sedlescombe	67,650.00	678.27	99.74	59,800.00	675.81	88.49	12.71
Ticehurst	159,110.00	1,743.25	91.27	150,150.00	1,700.30	88.31	3.35
Udimore	7,000.00	191.69	36.52	7,000.00	189.72	36.90	-1.03
Westfield	111,000.00	1,135.37	97.77	104,000.00	1,109.81	93.71	4.33
Whatlington	7,455.00	160.72	46.39	7,100.00	156.79	45.28	2.45
	2,982,819.66	39,197.50		2,717,284.00	38,520.80		

	Precept £	Taxbase	Local Tax £
Note 1			
Bexhill local precept shown above comprises			
: Bexhill Town Council	713,164.00	17,332.72	41.15
: Bexhill Special Expenses	711,555.84	17,332.72	41.05
	<u>1,424,719.84</u>		<u>82.20</u>
Note 2			
Rye local precept shown above comprises			
: Rye Town Council Precept	250,687.00	1,916.16	130.83
: Rye Special Expenses	75,074.16	1,916.16	39.18
	<u>325,761.16</u>		<u>170.01</u>

Chief Finance Officer's Report

The Robustness of the Estimates

1. This section of the report provides a commentary on the robustness of the estimates now presented and provides an analysis of the risks facing the Council in relation to the control of income and expenditure flows compared to the budgets that are recommended for 2024/25.
2. The framework within which the budget for 2024/25 has been prepared is like that of previous years and considers the following:
 - a) Previous financial year out-turn position (2022/23)
 - b) Medium Term Financial Strategy (MTFS) 2024/25 to 2027/28
 - c) In-year budget monitoring and associated reports
 - d) Cash flow monitoring
3. The outturn position for 2022/23 was reported to Cabinet on 17 July 2023. The outturn position is used to update the financial planning process and helps to establish the baseline for the current estimates by reflecting significant movements against the current position and those which will have an on-going impact on the future financial position of the Council.
4. The financial planning cycle is a well-rehearsed process. For 2024/25 the updated Medium Term Financial Strategy (MTFS) has been produced alongside the budget for 2024/25. The MTFS was initially presented to Cabinet on 6 November 2023 and the updated future year forecasts are included in this report as Appendix A. The MTFS for the period 2024/25 to 2027/28 has been prepared against a backdrop of uncertainty for the reasons discussed in the main Cabinet budget report. This uncertainty and the uncertainty around the funding for local government results in a far higher level of risk associated with trying to forecast a robust financial position over the medium term. However best estimates and assumptions have been used in producing this.
5. The MTFS seeks to identify future estimated budget requirements and funding shortfalls at an early stage of the annual budget process to enable preparation and planning beyond the short term. It also highlights work streams that will commence prior to the start of the following financial year that will support delivery of a sustainable budget for the Council in the medium term where appropriate.
6. Budget monitoring throughout the year is critical to ensuring the robustness of the estimates and maintaining a sound financial position. The in-year budget monitoring process is carried out throughout the year with all expenditure and income being monitored monthly. Not only does this provide an essential tool for identifying early on any variances so that mitigating action can be taken, but it is also fundamental in enabling the inclusion of the most up to date information in the future budgets and projections considering where budget pressures and additional income and savings are during the year.
7. The regular budget monitoring exercises that take place are used to inform the annual financial planning and budget process of changes that will have an on-

going financial impact in future years, as opposed to having only a one-off implication in the current financial year.

8. As part of the budget monitoring process, monthly variance reports are provided to budget managers and regular reports are presented to Cabinet and the Overview and Scrutiny Committee detailing the latest projected outturn position for the current year. Regular reviews of expenditure, commitments and income streams are carried out to identify overspends or shortfalls in income at the earliest opportunity and reported to the Senior Leadership Team (SLT) and Members along with recommended action plans to ensure that the Council's overall actual income and expenditure budget can be contained within budget.
9. In terms of cash flow monitoring, there have been no major cash flow issues during the year. The Council will potentially need to undertake short-term borrowing during 2024/25 for cash flow purposes and this will be secured at the best rates available. The Council's cash flow position for next year will however be heavily dependent on the spend within the capital programme which is currently subject to fundamental review, making these forecasts particularly difficult at the present time. The Council is also awaiting the announcement of any potential funds through the Levelling Up Fund which would further support the cash position if successful.
10. The annual budgets and the financial projections are prepared using the knowledge and information that is available at the time. Service managers and budget holders, being experts in their field are usually aware of any developments and changes that may affect their service delivery and consequently the cost of providing their services. Advice is also sought from any external advisors that the Council use to determine if there is anything that may impact on the Council's financial position. Officers also network and obtain information from their professional bodies to keep informed.
11. However, many budgets are related to factors that fall outside the control of the Council, e.g. changes in demand led services such as homelessness and temporary accommodation, changes in inflation and interest rates, changes in central government funding, and all of these can have a significant impact on the Council's overall budget and financial position both in the current and future years. Forecasting for these external influences is a challenge and a risk for the Council.
12. There are several financial risks facing the authority which are relevant at both service and corporate level. To manage these risks there are a few key areas within the budget that need to be closely monitored during the forthcoming financial year, as any variances can have a significant impact. These include:
 - a) The impact of changes in global and national politics and economies – This is very difficult to predict with a high degree of accuracy, but by keeping abreast of developments in both and seeking advice from experts in these fields informed assumptions can be made and sensitivity analysis can be undertaken so should there be changes in any areas the Council can react quickly and look at options to mitigate the impact. Officers will monitor the actual position against that forecast with any unexpected changes ultimately having to be covered using reserves if there is no other option open to the Council.

- b) Car park income – This area generates a significant level of income for the Council which in turn supports the delivery of other services across the Council. As this is a demand led service which is influenced by external factors this area is regularly monitored. The 2023/24 budget currently assumes gross income of £2.5m from all car parking related fees and charges.
- c) Planning and building control fees – The 2024/25 base budget includes income totalling approximately £1.4m from planning and building control fees. This income, like car parking, is demand led and so will be monitored regularly to identify any significant adverse variances against the budget.
- d) Waste fee income from garden bins – This is another significant source of income to the Council and reflects the activity across the district in terms of brown bin collections. A total income budget of £1.8m is included in the 2024/25 base budget.
- e) Future Funding – there have been no further updates on the delayed funding reforms apart from that these will not now be expected until the next Parliament. This has resulted in a continuation of one-year funding settlements, which provides no certainty in our funding positions and thus the medium-term forecasts in terms of central government support.
- f) New Homes Bonus (NHB) – The one-year settlement confirmed that the New Homes Bonus grant will only be £136k for 2024/25 compared with the previous year's allocation of £226k. As with the business rates and Fair Funding review we are still awaiting a replacement system.
- g) Investment Returns – During 2023/24 the Council's investment income has increased significantly due to the increases in Bank of England base rate, the pause and review of the capital programme and the focus on treasury management activities, which has resulted in far less borrowing than previously anticipated and additional income. This has resulted in the forecast outturn for 2023/24 reducing to (£170k) as opposed to the original budget forecast of £740k which is a positive movement of £914k. At the meeting of the Bank of England's Monetary Policy Committee (MPC) on 31st January, it was agreed to maintain the bank base rate at 5.25% to help to ensure inflation is under control before the rates start to come down. The investment return is predicted to remain at a healthy level throughout 2024/25.
- h) Employee budgets – The original MTFs proposals based on the previous year's forecast included a 2% provision for 2024/25 onwards. However following discussions with Cabinet an additional 1% has now been added to give a 3% provision next year and for future years. As a guide each 1.0% An allowance has also been made to reflect vacancy savings as in previous years.
- i) Procurement – Construction procurement continues to bring challenges due to the spiralling costs which have been badly impacted by inflation over the last year or so. This is placing significant pressure on budgets especially with capital projects and schemes. The Council will need to continue to monitor this position and take this into account when putting

together any budget estimates involving construction costs following the review of the current capital programme.

13. Looking beyond 2024/25, the financial projections included in the MTFs indicate that if the savings programme is delivered over the coming years that the Council will be able to deliver future years budgets without calling on the use of reserves. This is based on a forward projection of the 2024/25 funding levels as there is currently no indication of what the future funding regime will be. It is also assumed that if there is a reset of business rates then growth will be taken out and this could lead to a large reduction in this funding stream. The current financial projections show budget surpluses of £46k in 2025/26, £1.2m in 2026/27 and £1.5m in 2027/28 which should help to return reserves to around £8m by the end of that period.
14. The capital programme continues to be funded from external and internal resources i.e. capital receipts, grants, borrowing and revenue. Member preference is to avoid borrowing to fund future capital projects. Prudent estimates are made of the timing of capital receipts and grant funding is always secured before a scheme is included if it is to be a grant funded scheme. As mentioned above the capital programme is currently undergoing a fundamental review, the outcome of which will be reported to Committee as schemes are reviewed.
15. Elected Members have been involved in the preparation of the 2024/25 budget. There has been Senior Leadership Team and Cabinet meetings to identify savings, other officer/Member meetings and reports to Cabinet and the Overview and Scrutiny Committee. Budget monitoring reports are also presented to Members during the year.
16. The Council also takes professional advice from third party organisations concerning technical areas that impact on the budget process, e.g. external advice in relation to the Collection Fund income, treasury management through Link, VAT and insurance. By doing so the Council is able to monitor the wider implications of changes in interest rates, inflation and employment and take remedial action to mitigate financial risk.
17. Based on the above assessment the Chief Financial Officer (s151) is comfortable with the robustness of the estimates now presented based on the analysis of the risks facing the Council in relation to the control of income and expenditure flows compared to the budgets that are recommended for 2024/25.

Adequacy of the Reserves

18. An assessment of the adequacy of the available reserves throughout 2024/25 is based on the potential commitments against the reserves which are either:
 - General Reserve
 - Earmarked Reserves
19. Where there is budgeted expenditure to be funded from a reserve, these have been included within the budget.
20. There are three main reasons for holding reserves:

- a) as a contingency to cushion the impact of unexpected events or emergencies;
 - b) to cushion against the impact of uneven cash flows and to avoid temporary borrowing; and
 - c) as a means of building up funds to meet known or predicted liabilities (earmarked reserves).
21. The review of the reserves is a well-established part of the budget setting and monitoring process and financial planning for the Council.
22. When assessing the level of reserves the Council should take account of strategic, operational and financial risks facing them.
23. There continues to be uncertainty around the funding streams for Local Government and so this continues to be a risk for Councils. The system or Business Rates Retention now means there will be fluctuations of income in year and between years, an element of this risk is mitigated by the earmarked reserve which was established for this purpose.
24. The Council is experiencing significant demand led budget pressures, particularly in respect of homelessness and temporary accommodation costs which are now budgeted at c£2m and have tripled over the last 4 years.
25. Other income streams from demand led services remain vulnerable both from economic factors and seasonal factors including weather that can influence for example car parking income. Steps have been taken to set prudent estimates of income from these services but the activity that drives the income remains difficult to predict.
26. The outcome of the assessment of the General Fund Reserve for 2024/25 and forward years is that it is recommended that the minimum level that the reserve should be maintained at the current level of £5.0m for 2024/25. This represents 33% of the Net Cost of Service for 2024/25. The actual level of the General Reserve at the end of the next financial year is estimated to be £5.2m.
27. In the opinion of the Chief Finance Officer the overall budgeted level of the General Fund Reserve as shown in Appendix A is considered adequate in the short term. The General Reserve balance (£5.2m) at the end of 2024/25 is forecast to be above the recommended minimum balance (£5.0m). All reserves will continue to be monitored throughout 2024/25 and will be subject to another annual review in 2025/26.
28. When considering the robustness of the estimates and adequacy of reserves a holistic approach is taken, which considers the general reserve, earmarked reserves and the identified risks in relation to the revenue and capital budgets presented for approval.