



<b>Cabinet</b>	<b>Item</b>
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24th January 2024

<b>Report of</b>	<b>The Section 151 Officer</b>	<b>Author</b>	<b>Andrew Small</b> <small>(<a href="mailto:Andrew.Small@Colchester.gov.uk">Andrew.Small@Colchester.gov.uk</a>)</small> <b>Chris Hartgrove</b> <small>(<a href="mailto:Chris.Hartgrove@Colchester.gov.uk">Chris.Hartgrove@Colchester.gov.uk</a>)</small> <b>Darren Brown</b> <small>(<a href="mailto:Darren.Brown@Colchester.gov.uk">Darren.Brown@Colchester.gov.uk</a>)</small>
<b>Title</b>	<b>Draft Budget Proposals 2024/25 (including General Fund &amp; HRA Revenue &amp; Capital, and an updated Medium-Term Financial Forecast)</b>		
<b>Wards affected</b>	Not Applicable		

## 1. Executive Summary

1.1 This report contains the final budget proposals for 2024/25 for consideration by Cabinet.

1.2 The **Revenue** elements of the draft budget for 2024/25 can be found at **Appendix A (including CONFIDENTIAL Appendix D)**.

- The General Fund final draft budget proposal for 2024/25 comprises Net Expenditure of £24.959 million, which includes a contribution of £0.153 million to the General Fund Reserve.
- The provisional Local Government Finance Settlement 2024/25 was as expected at “Core Spending Power +3.0%”.
- A Council Tax increase of 2.99% in accordance with the Government’s Referendum Limit is proposed (which would raise Band D Council Tax from £211.59 to £217.92 if adopted).
- The HRA final draft budget proposal for 2024/25 anticipates a balanced budget with projected Net Operating Income of £2.459 million.
- A Housing Rent increase of 7.7% is proposed (in accordance with the Legal Rent Standard); and
- A total Management Fee of £13,424,200 payable to Colchester Borough Homes is recommended.

1.2 The **Capital** elements of the draft budget for 2024/25 can be found at **Appendix B**.

- The General Fund Capital Programme comprises total expenditure of £57.672 million over the five-year period 2024/25 to 2028/29, including £39.258 million in 2024/25; and
- The HRA Capital Programme comprises total expenditure of £205.365 million over the five-year period 2024/25 to 2028/29, including £43.655 million in 2024/25.

- 1.3 Looking further ahead, an updated Medium-Term Financial Forecast (MTFF) is included at **Appendix C** covering both the General Fund and the HRA; the numbers reflect the final draft budget proposals for 2024/25. The overall financial profile has weakened slightly in 2025/26 (with a forecast deficit of £1.991 million) compared to the forecast in the Indicative MTFF prepared in October 2023, due to some late budget pressures identified as part of detailed budget preparations. However, the forecast is significantly brighter in 2026/27 (with a forecast surplus of £1.310), reflecting the impact of savings anticipated as part of the emerging three-year "Fit for the Future" Programme.
- 1.3 The Section 151 Officer confirms that the Council has sufficient available to reserves to smooth the transition between the two financial years (2025/26 and 2026/27), which will be a key consideration as part of a forthcoming detailed review of the Council's reserves as part of preparing the 2023/24 financial statements.
- 1.4 In conclusion, the budget sets out a vision to make Colchester City Council 'Fit for the Future', economically, structurally, and culturally. Led by the Council's Administration, much cross-party consultation and work with the former Leaders Alumni group has enabled scrutiny of a demanding transformation programme. This budget addresses the short-term pressures, medium-term challenges, and long-term fundamental organisation change.
- 1.5 The approach has been open and inclusive of both officer expertise and Council-member involvement. With all-member briefings, surveys, and cross-party workshops, helping to shape this most challenging of budget cycles. The aim of the Administration is to deliver the objectives of Colchester's Strategic Vision, with the most efficient and focused Council structure.
- 1.6 Laser focused on utilising Council assets, resources, committed staff, and partners across our town and country, to invest in Colchester's community infrastructure. The budget includes investment to enable economic growth; internally, encouraging income and increased commerciality, and externally, supporting business growth, and community investment, alongside partners in the public and voluntary sectors. All enabling a greener, cleaner, and more equitable and prosperous place for all to live, work and visit.

## **2. Recommended Decision**

- 2.1 To consider the final revenue and capital budget proposals for 2024/25 as presented in **Appendices A to D** of this report, together with the comments received from the Scrutiny Committee (23rd January 2024)
- 2.2 Make any amendments that Cabinet considers necessary; and
- 2.3 Recommend to Council:
  - 2.3.1 The budget for 2024/25 (including Revenue and Capital in **Appendices A, B and CONFIDENTIAL Appendix D**)
  - 2.3.2 The updated Medium-Term Financial Forecast (MTFF) 2024/25 to 2028/29 (covering General Fund and HRA in **Appendix C**)
  - 2.3.3 The level of Council Tax increase for 2024/25 (Paragraph 2.6, **Appendix A**)
  - 2.3.4 The level of Housing Rent increase for 2024/25 (Paragraph 3.3, **Appendix A**); and
  - 2.3.5 The Management Fee payable to Colchester Borough Homes (CBH) in 2024/25 (Paragraph 3.4, **Appendix A**).

**3. Reason for Recommended Decision**

- 3.1 To enable Cabinet to recommend a final budget for 2024/25 to the Council in February 2024.

**4. Alternative Options**

- 4.1 The proposals in this report represent Cabinet's recommended position on the 2024/25 General Fund and Housing Revenue Account budgets (both Revenue and Capital).

**5. Equality, Diversity and Human Rights implications**

- 5.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

**6. Standard References**

- 6.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications because of this report.

**7. Strategic Plan References**

- 7.1 The Budget proposals set out here have been developed within the framework of the Council's Strategic Plan ambitions, as set out within the agreed Strategic Plan. These are balanced against the Statutory requirement of presenting a balanced budget and delivering core Statutory Services. The Budget presented here is the considered optimum combination of these factors.

**8. Consultation**

- 8.1 The proposals contained within this report have been developed through engagement with all members of the Council. If adopted, the savings proposals set out in elements of this paper are likely to impact directly on the Council's workforce, in terms of a reduction in the numbers of posts employed by the Council. This will require Statutory consultation, which has not yet commenced pending the consideration of these proposals.

**9. Publicity Considerations**

- 9.1 Decisions on Taxation and on the level of services provided, as set out within these Budget proposals, are likely to have direct impact on the majority of the Council's residents. As part of Budget engagement, the Council will use all standard publicity media to ensure that the impact of the agreed Budget is widely communicated and the reasons for the proposals are understood.

**10. Financial implications**

- 10.1 As set out in the report.
- 10.2 No changes are necessary to the 2020 Financial Regulations.

**11. Health, Wellbeing and Community Safety Implications**

11.1 Health, Wellbeing and Community Safety consideration have been explored and considered in respect of each key component part of the Budget presented here.

**12. Health and Safety Implications**

12.1 None.

**13. Risk Management Implications**

13.1 The consideration of risk formed an integral part of the development of the proposals in this report. In particular, the Budget (and updated MTFF) is based on a series of estimates and assumptions that are informed by a range of intelligence sources (some certain, some uncertain); that process, including any residual risk in the decision-making process, is clearly indicated where appropriate.

**14. Environmental and Sustainability Implications**

14.1 All budget measures are assessed for their environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning and a core theme of the new Strategic Plan.

**Appendices**

- ***Appendix A - Draft Budget Proposals 2024/25 GENERAL FUND & HRA REVENUE***
- ***Appendix B - Draft Budget Proposals 2024/25 GENERAL FUND & HRA CAPITAL***
- ***Appendix C – Medium-Term Financial Forecast (MTFF) 2024/25 to 2028/29***
- ***Appendix D – Staff Savings Proposals (CONFIDENTIAL)***

**Background Papers**

None.