



## Council

Item  
**7(i)**

21 February 2024

<b>Report of</b>	<b>The Section 151 Officer</b>	<b>Authors</b>	<b>Andrew Small Chris Hartgrove</b>
<b>Title</b>	<b>Final Budget Proposals 2024/25 (General Fund and HRA, including medium-term revenue and capital)</b>		
<b>Wards affected</b>	Not Applicable		

### 1 Executive Summary

- 1.1 This Budget preparation process, which commenced in late summer 2023, has now concluded. This report sets out detailed budget proposals, as recommended by Cabinet, for the Council's consideration and approval.
- 1.2 The *Revenue* elements (**Attachment 1a, including clarifications in Attachment 1d**) of the proposed Budget for 2024/25 comprise the following:
- 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%", although Government subsequently added a further 1.0% to the *final* Settlement, which has not been included in the budget.
  - 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.
- 1.3 The *Capital* elements (**Attachment 1b, including clarifications in Attachment 1d**) of the proposed Programme for 2024/25 to 2028/29 comprise the following:
- 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.

- 1.4 Looking further ahead, an updated *Medium-Term Financial Forecast (MTFF)* is included (**Attachment 1c, including clarifications in Attachment 1d**) covering both the General Fund and HRA; the numbers reflect the final draft budget proposals for 2024/25.
- The updated MTFF forecasts a General Fund revenue deficit of £1.991 million for 2025/26, although a (one-year) surplus of £1.310 is anticipated for 2026/27; and
  - Over the four-year period 2025/26 to 2028/29, a structural deficit of £2.771 million is forecast. This is the currently estimated sum that will need to be removed from the Council's base budget in order to balance the budget in the medium-term; this is the identified budget gap over and above existing savings plans of £4.772 million for the three-year period 2024/25 to 2028/29 (as part of the Council's "Fit for the Future" Transformation Programme) that are already embedded within the forecast.
- 1.5 In addition, the Council's Section 151 Officer has a duty under Section 25 of the Local Government Act 2003 to report on the robustness of the budget estimates and the adequacy of the Council's financial reserves. Members attention is therefore drawn to the comments made in **Attachment 2**, which is for consideration and noting.
- 1.6 In considering the Council's contingency reserves, extant professional guidance in the form of the recommended principles contained in "*LAAP Bulletin 99: Local Authority Reserves and Balances (issued July 2024)*" is followed. On that basis, taking account of the strategic, operational, and financial risks facing the Council, the maintenance of a £3.0 million minimum contingency balance of unallocated revenue reserves in the General Fund Reserve is recommended (an increase of £0.825 million compared to the current provision). The Council has sufficient unallocated revenue reserves elsewhere on its Balance Sheet to meet this commitment.

## **2 Recommended Decisions**

- 2.1 That the draft General Fund and Housing Revenue Account (HRA) revenue budgets for 2024/25 as presented in **Attachment 1a, including the clarifications in Attachment 1d**, be approved.
- 2.2 That the draft General Fund and HRA capital programmes for 2024/25 to 2028/29 as presented in **Attachment 1b, including the clarifications in Attachment 1d**, be approved.
- 2.3 That the updated General Fund and HRA Medium-Term Financial Forecasts (MTFF) for 2024/25 to 2028/29 as presented in **Attachment 1c, including the clarifications in Attachment 1d**, be approved.
- 2.4 That the Section 151 Officer's report – in accordance with Section 25 of the Local Government Act 2003 – on the robustness of estimates for the purposes of the Council's 2024/25 budgets and the adequacy of the reserves, presented in **Attachment 2**, be noted.
- 2.5 That the Section 151 Officer's recommendation to maintain a minimum £3.0 million contingency balance in the Council's General Fund Reserve be approved.

### **3 Reason for Recommended Decisions**

- 3.1 To enable the Council to set a final balanced budget for 2024/25 in accordance with its legal duty under the Local Government Finance Act 1992.

### **4 Alternative Options**

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

### **5 Strategic Plan References**

- 5.1 The proposals set out here have been developed within the framework of the Council's ambitions, as set out within the agreed Strategic Plan. These are balanced against the statutory requirement to balance the budget and deliver core statutory services. The Budget presented therefore is considered the optimum combination of these factors.

### **6 Publicity Considerations**

- 6.1 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. The Council uses all standard publicity media to ensure that the impact of the agreed Budget is widely communicated and the reasons for the proposals understood.

### **7 Financial Implications**

- 7.1 There are significant financial implications, which are covered in detail in the report.

### **8 Consultation**

- 8.1 The proposals contained within this report have been developed through engagement with all members of the Council. If adopted, the embedded savings items are likely to impact directly on the workforce, in terms of a reduction in the numbers of posts employed by the Council. The required statutory consultation process commenced on 1st February 2024.

### **9 Environment and Sustainability Implications**

- 9.1 Where appropriate, Budget proposals are assessed for their environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is a core theme of the Strategic Plan.

### **10 Equality and Diversity Implications**

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

### **11 Standard References**

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