

Draft Revenue Budget for 2024-25	
Executive Summary	<p>This report presents the latest iteration of the budget for 2024/25. It is intended to present the position as we currently know it and it will need to be updated as more information becomes available e.g. the impact of the final Local Government Finance Settlement for 2024/25, which is expected on around the 5 or 6 February 2024.</p> <p>The report also contains details of the proposed Capital Programme for 2023/24 to 2027/28 along with proposed bids for inclusion in the Capital Programme.</p>
Options considered.	<p>No other options have been considered as it is a requirement to calculate “the expenditure which the authority estimates it will incur in the forthcoming year in performing its functions” and then subtract “the sums which it estimates will be payable for the year into its general fund”. This is required to set a balanced budget before 11 March 2024.</p>
Consultation(s)	<p>Pre-Scrutiny by Overview and Scrutiny took place on 24 January 2024 prior to the report being considered by Cabinet on 5 February 2024. Consultation with other stakeholders will take place, e.g. Council Taxpayers and Business Rates payers, the results of which will be incorporated into the report being presented to full Council on 21 Feb 2024.</p> <p>Overview and Scrutiny have this opportunity to undertake post-Cabinet scrutiny of the Budget proposals and post-Cabinet Scrutiny of the Capital Programme for 2023/24 to 2027/28 and bids for inclusion in the Capital Programme and then make recommendations to full Council.</p>
Recommendations	<p>That the Overview and Scrutiny Committee undertake post-Cabinet scrutiny of the Budget proposals and make recommendations to full Council for it to consider when approving the Council’s revenue budget for 2024/25 at its meeting on 21 February 2024.</p> <p>That the Overview and Scrutiny Committee consider the list of proposed savings, the use of reserves and the setting of a savings target and make recommendations to full Council on the combination to include in the Budget for 2024/25 for full Council to consider when it meets on 21 February 2024 to set a balanced budget for 2024/25.</p> <p>That the Overview and Scrutiny Committee review the proposed Capital Programme and new capital bids and make a recommendation to full Council on which bids should be included in the Capital Programme.</p>
Reasons for recommendations	<p>To enable the Council to set a balanced budget.</p>
Background papers	<p>2023/24 Budget report presented to full Council on 22 February 2023.</p>

	2024/25 Budget Report presented to Cabinet on 8 January 2024
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Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley Director of Resources and s151 Officer tina.stankley@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	Strong Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The setting of a balanced budget for 2024/25 provides the base position for reviewing the following years of the Medium-Term Finance Plan.
Council Policies & Strategies	Budget Setting & Medium-Term Finance Strategy.

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	Yes
Details of any previous decision(s) on this matter	

1. Purpose of the report

This report is being presented to Overview and Scrutiny to enable it to scrutinise the budget, the assumptions made in the draft budget and its alignment to the Corporate Plan and to enable it make recommendations to full Council on 21 February 2024.

The report also contains details of the proposed Capital Programme for 2023/24 to 2027/28 along with a list of proposed new schemes to be included in the Capital Programme. Overview and Scrutiny are asked to review the Capital Programme and new bids and then make recommendations on these to full Council on 21 February 2024.

2. Introduction & Background

- 2.1 Officers have spent some time in reviewing their budgets. These have now been consolidated to give a Summary General Fund Budget for 2024/25.
- 2.2 The context in which the Council is operating is that local authorities throughout the UK are finding themselves affected financially by many external factors that are beyond their control. There is the ongoing impact of

the ongoing war in Ukraine, high but reducing inflation levels which are currently at 4.6%, but half of what it was this time last year (9.2% in December 2022), higher interest rates (although several economists have recently said that they think these have now peaked), labour shortages, the residual impact of COVID as we are learning to live with it, a continuing cost-of-living crisis and an uncertain economic outlook and the uncertainty which accompanies the year in which a general election is to be held.

- 2.3 In advance of next month's final Local Government Finance Settlement additional funding was announced on 24 January 2024. Most notable for the Council is an increase in the Rural Services Delivery Grant and that the funding guarantee would be increased from 3% to 4%. At present exact figures are not available, however it is recommended that any additional funding should be used to reduce the drawn down of reserves to balance the budget.
- 2.4 The Council is seeing the high utility and contract costs persisting, which has fed through to demands for higher pay rises for a second year running. The continuing cost-of-living crisis is also leading to an increase in the demand for the Council's services. This is creating a particular pressure on the Temporary Accommodation budgets, as the number of people presenting themselves as homeless is increasing. Whilst government subsidy can be claimed for this expenditure it does not fully cover this and it is anticipated that the shortfall will amount to a budget pressure of over £600k by the end of 2023/24 and will be at least the same again in 2024/25. This is a nationwide issue for councils across the country with a significant number experiencing pressures on their Temporary Accommodation budgets. Lobbying by Councils is taking place to try and gain some central government financial support for this.

3. Current Proposed Budget for 2024-25

- 3.1 The 2024/25 budget presented below is a balanced budget – see line 29. The MTFP is contained in Appendix A along with further detail of Service Budgets contained in Appendix B

Table 1: General Fund Summary Budget

General Fund Summary 2024/25 Base Budget				
Line no.		Column 1	Column 2	Column 3
	Service Area	2023/24 Base Budget £	2023/24 Updated Base Budget £	2024/25 Base Budget £
1	Corporate Leadership/ Executive Support	484,705	517,720	406,877
2	Communities	10,156,967	10,056,257	10,768,774
3	Place and Climate Change	6,509,032	6,500,859	7,121,376
4	Resources	5,518,103	5,518,103	4,682,536
5	Savings to be Identified	0	0	(250,000)
6	Net Cost of Services	22,668,807	22,592,939	22,729,563
7	Parish Precepts	2,875,207	2,875,207	2,875,207
8	Capital Charges	(2,456,953)	(2,456,953)	(2,962,374)
9	Interest Receivable	(1,533,436)	(1,533,436)	(1,865,172)
10	External Interest Paid	0	0	23,880
11	Revenue Financing for Capital:	710,000	3,757,578	170,000
12	Minimum Revenue Provision	330,000	330,000	487,860
13	IAS 19 Pension Adjustment	265,496	265,496	268,000
14	Net Operating Expenditure	22,859,121	25,830,831	21,726,964
Income from Government Grant and Taxpayers				
15	Collection Fund – Parishes	(2,875,207)	(2,875,207)	(2,875,207)
16	Collection Fund – District	(6,738,797)	(6,738,797)	(7,052,536)
17	Retained Business Rates	(6,315,000)	(6,315,000)	(7,683,000)
18	New Homes bonus	(31,080)	(31,080)	(5,600)
19	Revenue Support Grant	(102,462)	(102,462)	(309,046)
20	3% Funding Guarantee	(974,416)	(974,416)	(928,923)
21	Rural Services Delivery Grant	(567,386)	(567,386)	(567,386)
22	LCTS Admin Grant	(136,747)	(136,747)	0
23	Ctax Discount Grant	(50,074)	(50,074)	(51,576)
24	Services Grant	(130,442)	(130,442)	(108,848)
25	Business rates Levy Surplus	(27,049)	(27,049)	0
26	Income from Government Grant and Taxpayers	(17,948,660)	(17,948,660)	(19,582,122)
27	(Surplus)/Deficit	4,910,461	7,882,171	2,144,842
28	Contribution To/(From) Reserves	(4,910,461)	(7,882,171)	(2,144,842)
29	Net Position	0	0	0

3.2 The table above shows

- In Column 1 the Original Base Budget which was approved by full Council on 22 February 2023. It shows a balanced budget position for 2023/24.
- In Column 2 the latest updated balanced budget position as reported to full Council on 20 September 2023. However, it should be noted that the latest budget monitoring report (i.e. as at 30 September 2023) identifies a forecast overspend for this current year against this budget of at least £600k. Action is currently being taken by officers to reduce expenditure wherever possible and thus reduce the overspend position for the year.
- In Column 3 the budget for 2024/25 is a balanced position as per line 29.
- Line 6 shows the net cost of running the Council's services. It is the total of Lines 1 to 5. This figure comprises the cost less the fees and charges income earned by the services.

- Line 14 is the total cost of operating as a Council and includes items that are not attributable to any particular service e.g. investment income. It is the total of Lines 6 to 13.
- Line 26 is the total of Lines 15 to 25, and it is the amount that is funded by Government Grant and Local Taxpayers.
 - Line 15 is the income that NNDC will collect from taxpayers for the parish precepts, the town and parish councils as shown at line 6.
 - Line 16 is NNDC's Council Tax income to be collected from Council Taxpayers. This includes an assumed increase of £4.95.
 - Line 17 is NNDC's Business Rate income to be collected from Businesses within the District.
 - Line 18 to 25 are the grants that NNDC will receive from Central Government.
- Line 27, Column 3 is the deficit that needs to be met from NNDC reserves.
- Line 28, Column 3 shows the net amount of reserves that are required to balance the budget for 2024/25. It should be noted that a summary of the reserves being utilised is contained in paragraph 3.14.

3.3 The initial draft budget for 2024-25 presented to Cabinet on 8 January 2024 had a net deficit of £1.459m. Additional savings and additional income have since been identified and by including these in the budget along with the additional use of reserves (Economic Development Reserve £148k and Grants Reserve £268k) along with £250k of savings yet to be identified a balanced budget can be presented by officers for Cabinet to agree at its meeting on 5 February 2024. The list of proposed savings and additional income can be found at Appendix C. Table 2 below shows a summary of the movements to arrive at a balanced budget.

Table 2 – Summary of Movements to Achieve Balanced Budget

Explanation of movement	£m
Budget Deficit for 2024/25 when presented to Cabinet on 8 January 2024.	1.459
Additional growth in service budgets identified since the initial draft budget was prepared:	0.136
Local Council Tax Support Grant included twice in error taken out	0.140
Additional savings in service budgets identified	(0.094)
Savings and additional income that has been included in the General Fund Summary that was identified by officers in December 2023 and January 2024 to balance the budget.	(0.975)
Savings to be Identified	(0.250)
Additional use of reserves to balance the budget for 2024/25 (Economic Development Reserve £148k and Grants Reserve £268k)	(0.416)
Budget Deficit for 2024/25	0.000

Variances 2023/24 to 2024/25

3.4 The changes in base budget from 203/24 to 2024/25 are summarised in Table 3 below and significant variances are explained in 3.5 to 3.10.

Table 3: Variance Base Budgets 2023/24 to 2024/25

	2023/24 Base Budget	2024/25 Base Budget	Variance	Percentage Movement
	£	£	£	%
Employees/Support Services	16,127,912	16,741,060	613,148	4.57
Premises	3,732,544	4,037,919	305,375	11.00
Transport	290,856	278,277	(12,579)	(4.22)
Supplies & Services	13,079,499	14,008,823	929,324	9.39
Transfer Payments	17,078,067	18,628,032	1,549,965	7.22
Income (External)	(29,829,024)	(33,658,922)	(3,829,898)	11.69
Total Direct Costs and Income	20,479,854	20,035,189	(444,665)	(2.95)
Notional Charges:				
Capital Charges	2,456,953	2,962,374	505,421	25.73
IAS19 Notional Charges	(268,000)	(268,000)	0	0.00
Total Notional Charges	2,188,953	2,694,374	505,421	18.86
Total Net Costs	22,668,807	22,729,563	60,756	0.34

Employees

3.5 The significant variances in employee's costs are summarised in Table 4

Table 4: Employee Cost Variances

£	Explanation
966,647	Employee Inflation and pay award
656,635	Employee costs funded from various grants within people services
110,283	Employee Growth
-396,948	Reduced employee budgets and savings exercise
-732,766	Movement through reserves of temporary funded posts non-recurring

Pay Inflation

3.6 Currently pay inflation is included at 5% for 2024/25 and then at 3.5% for the remaining years of the Medium-Term Financial Plan. The table below shows what the impact on the budget would be if different levels of pay inflation are assumed.

Table 5: Pay Inflation

Inflation % Applied	Total Salary, NI & Super Inflation £	Movement £	Narrative
3.5%	543,123	(233,256)	Budget saving
5.0%	776,379	-	Budgeted figure
7%	1,086,246	309,867	Additional budget pressure

Premises Costs

3.7 Significant variances are highlighted in the following table:

Table 6: Premises Costs

Category	Variance
Building Maintenance	134,138.00
Water	31,893.80
Energy Costs	112,143.00
Cleaning	24,867.00

Transport Costs

3.8 There has been inflation and growth on Transport Costs of £7,000 but this has been offset by a reduction of £19,000 generated through savings.

Supplies and Services

3.9 There are a number of variances across this wide-ranging category of expenditure the most significant being those highlighted in the following table:

Table 7: Supplies and Services Variances

Category	Variance
Professional Fees	267,962
Banking & treasury	-25,228
Other Fees and Charges	189,939
Postages	37,765
Computers and Telephones	199,312
Insurances	48,495
Grants and Subscriptions	230,675

Transfer Payments

3.10 The increase in expenditure is predominantly due to Housing Benefit payments (£1,614,522) which is in line with the mid-year subsidy estimate for 2023/24. This is offset by an increase in income referenced in paragraph 3.11.

Income

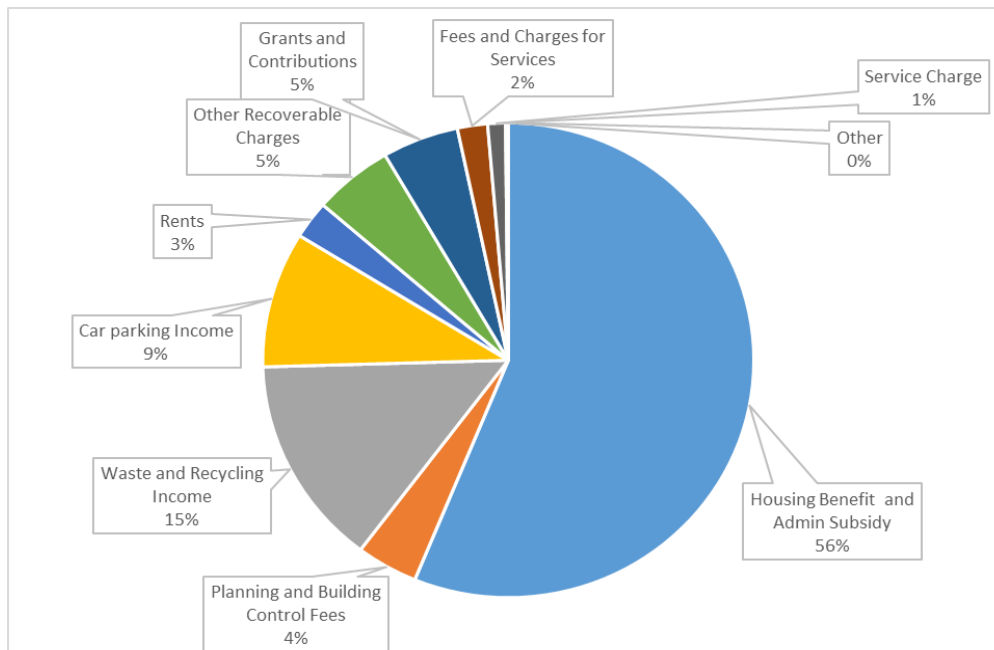
- 3.11 The significant variances in income between Base 2023/24 and 2024/25 are summarised in the Table 8 below:

Table 8: Income Variances

Category	Variance
Housing Benefit and Admin Subsidy	-1,641,737
Planning and Building Control Fees	-25,000
Waste and Recycling Income	-382,365
Car Parking Income	-97,500
Rents	-101,120
Other Recoverable Charges	-113,313
Grants and Contributions	-1,336,810
Fees and Charges for Services	-38,183
Service Charge	-79,370
Other	-14,500

- 3.12 The increase in Housing Benefit Subsidy is offset by a corresponding increase in payments within Transfer Payments.
- 3.13 A graphical breakdown of the 2024/25 budgeted income is represented in the following chart.

Table 9: 2024/25 Budgeted Income



Reserves

- 3.14 The Council holds a General Fund Reserve which it keeps for unexpected expenditure or for emergencies. The Council's s151 Officer assesses what the minimum level for this reserve should be each year to ensure that the Council has sufficient funds to meet any unexpected expenditure. The

Council also holds some Earmarked Reserves, all of which have been set up to fund specific expenditure. These Earmarked Reserves are being used to fund some of the costs of services. There are also instances of contributions being made to the reserves and this is where it is known that costs will be incurred in the future and so the contributions are set aside e.g. district council elections are held every 4 years at a cost of about £200k and so each year £50k is put into the Elections Reserve so that there is a balance of £200k to take from the Elections Reserve in the fourth year to cover the cost. A full breakdown of the use of Reserves can be found at Appendix D.

Table 10: Use of Reserves

Contributions to/(from) Earmarked Reserves:	2023/24 Base Budget	2023/24 Updated Base Budget	2024/25 Base Budget
Capital Projects Reserve	(400,000)	(400,000)	0
Asset Management	0	(405,564)	(120,000)
Benefits	(111,305)	(111,305)	(46,622)
Building Control	(81,866)	(89,690)	(122,542)
Business Rates	(1,278,267)	(1,278,268)	(18,000)
Coast Protection	0	(134,003)	(265,738)
Common Training			
Communities	(275,000)	(275,000)	(131,550)
Delivery Plan	(1,289,412)	(2,464,360)	(472,403)
Economic Development & Tourism	(44,800)	(44,800)	(157,621)
Elections	(100,000)	(133,015)	60,000
Environmental Health	(16,000)	(34,372)	0
Grants	0	(304,784)	(343,681)
Housing	(555,898)	(1,257,875)	(128,318)
Land Charges	0	0	(89,100)
Legal	(31,745)	(31,745)	(36,000)
Major Repairs Reserve	0	(341,223)	(50,000)
New Homes Bonus Reserve	(178,000)	(48,000)	(150,000)
Organisational Development	(42,742)	(42,742)	(26,123)
Planning Revenue	(148,965)	(128,965)	(37,300)
Contribution to/(from) the General Reserve	(356,461)	(356,460)	(9,844)
Contribution to/(from) Reserves Line 28 of the table in paragraph 3.1)	(4,910,461)	(7,882,171)	(2,144,842)

- 3.15 As shown in the table above the projected drawdown from reserves over the 2-year period 2023/24 to 2024/25 is £10m. It should be noted that this use of reserves does include the planned use of reserves which have been set aside in previous years to meet the expenditure that is being incurred now.

Funding

- 3.16 On the funding side one of the assumptions that has been made is to increase the Council Tax by £4.95 for a Band D property. The tables below show:
- Lines 1-5 of the first table - how the Council Tax income has been calculated.
 - Line 6 of the first table – the amount that is generated from 2025/26 onwards by starting to charge the 100% premium that can be charged on second homes. It is anticipated that this will generate an additional £550k per annum.
 - Line 7 of the first table - the additional Council Tax income that will be generated by being able to charge a 100% premium on long term empty

properties that have been empty for a consecutive period of longer than 12 months instead of 24 months. This has been calculated to generate an additional £68k in 2024/25 then £50k per annum after that.

- the amount of Council Tax income that the annual increase of £4.95 would generate is £0.205m for 2024/25. This is calculated by multiplying the taxbase at Line 1 by the increase in Council Tax at Line 3. This, along with the increases in the following 3 years, is shown in the second table below.
- The third table below shows what the annual increase would be for each Council Tax Band, if a £4.95 increase for a Band D property is approved. This is for the district element only and does not include any increase that the County Council may approve nor that the Police may approve.

Table 11: Council Tax

Line no.		Council tax			
		24/25	25/26	26/27	27/28
1	Council Tax Base for 24/25 based on central government's assumed increase	41,392.1	41,700.7	42,012.7	42,327.6
2	Band D Council Tax before increase	£163.62	£168.57	£173.61	£178.80
3	Maximum increase allowed	£4.95	£5.04	£5.19	£5.35
4	Band D Council Tax after increase (Add Lines 2 and 3)	£168.57	£173.61	£178.80	£184.15
5	Income assuming CT increase (line 1 multiplied by Line 4)	£6,977,466	£7,239,659	£7,511,871	£7,794,628
6	Second homes premium	-	£550,000	£566,445	£583,382
7	Empty homes income	£68,000	£70,033	£72,127	£74,284
8	Total Council Tax (Add Lines 5, 6 and 7)	£7,045,466	£7,309,692	£7,583,998	£7,868,911
Additional Council Tax generated by the annual increase - Council Tax base (Line1) multiplied by Maximum increase allowed (Line 3)		£204,891	£210,172	£218,046	£226,453

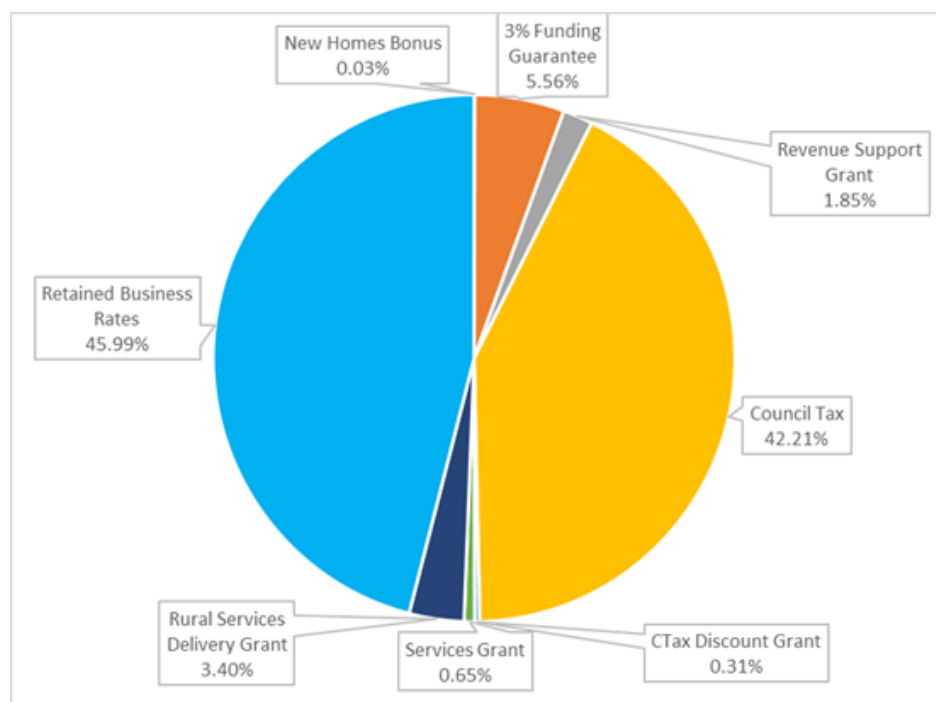
Band	A	B	C	D	E	F	G	H
Value of increase across the Bands	£3.30	£3.85	£4.40	£4.95	£6.05	£7.15	£8.25	£9.90

3.17 To calculate the forecast income level for the Retained Business Rates financial modelling has been undertaken that uses information available for 2023/24 which is then updated with any known changes. The resulting income is based on what is known now, but this will be updated should any further information come to light, e.g. upon completion of a government return due to be completed by 31 January 2024.

3.18 The remaining income comprises grants from central government. The provisional Local Government Finance Settlement was announced on 18 December 2023 and the General Fund Summary has been updated to reflect the funding announced. The final Local Government Finance Settlement will be announced in late January or early February.

- 3.19 The Government have made available through the provisional local government finance settlement an increase for councils in England of 6.5% in core spending power when compared with the 2023-24 amount. This does however assume that District Councils apply the maximum increase before requiring a referendum of 3.00% or £5 in Council Tax.
- 3.20 The Funding Guarantee introduced last year has been maintained for 2024/25 to ensure every council in England sees at least a 3% increase in Core Spending Power before any local decisions are made around council tax. The increase in Core Spending Power for NNDC equates to an increase of 4.6% for 2024/25 when compared to 2023/24.

Table 12: Funding Sources 2024/25



- 3.21 The years 2025/26 to 2027/28 of the Medium-Term Financial Plan show a significant increasing deficit. Plans are being put in place to achieve the level of savings required to set a balanced budget for future years. This will involve a rolling programme of service delivery reviews and it is planned to start these in March or April 2024.
- 3.22 Cabinet Members now have a balanced budget to discuss and agree so that a balanced budget can be recommended to full Council at its meeting on 21 February 2024.

4. The Medium-Term Financial Plan

- 4.1 The Medium-Term Financial Plan (MTFP) has been prepared alongside the budget for 2024/25. The detailed MTFP can be found as Appendix A. Assumptions have been made for the years 2025/26 to 2027/28 which are listed below. It should be noted that the further into the future we look the greater the increase in uncertainty is particularly around the funding streams.

Table 13: Projected Deficit over the life of the MTFP.

	2023/24 Base Budget £	2023/24 Updated Base Budget £	2024/25 Base Budget £	2025/26 Projection £	2026/27 Projection £	2027/28 Projection £
(Surplus)/Deficit	4,910,460	7,882,170	2,144,840	2,035,640	2,995,200	3,313,730
Contribution To/(From) Reserves	(4,910,460)	(7,882,170)	(2,144,840)	(189,330)	(3,050)	7,710
Net Position	0	0	0	1,846,310	2,992,150	3,321,440

4.2 Assumptions included are:

- The pay award is assumed to be at 3.5% for years 2025/26 as the rate of inflation has started to fall significantly.
- Increases in costs have been included for all years where we are contracted to increase costs on an annual basis.
- Increases in fees and charges (included in the Net Cost of Services) have been increased based on prudent assumptions that are in line with the increases that have been assumed for expenditure.
- For the calculation of Council Tax income, a modest increase of around 1% in the tax base has been assumed year on year and then the maximum increase has been applied to the Band D Council Tax each year at 2.99%.
- For the central government funding, the assumptions made have been to generally increase funding by 3% as has happened in the last two Local Government Finance Settlements (23/24 and 24/25) and have been based on a guaranteed increase in core spending power of at least 3%.

4.3 There is a huge level of uncertainty in the funding levels for local authorities as there are two major reviews where the outcomes of which have yet to be implemented. The current funding system is recognised by all as being no longer fit for purpose and no longer an appropriate model. A Fair Funding Review has been postponed for several years, but it is expected that this will take place and the outcomes implemented at some point over the term of this MTFP. However, it is expected that the outcome will favour authorities with Social Care responsibilities and that district authorities will suffer.

4.4 There is also a reform of the Business Rates due and again this has been postponed for some time. The Council retains the services of Pixel Financial Management Services which provide expert advice and support on government funding. They provide a forecast of central government funding for the Council and their prediction is that the Business Rates reform may take place in 2026/27 and that this will have a negative impact on the level of Business Rates income for the Council, but as there is yet no detail around this the Business Rates Income levels have been included at the 2024/25 level to be prudent.

4.5 There is an increasing deficit over the period of the MTFP 2024/25 to 2027/28 as shown in Table 13 above. Work is underway to address this forecast deficit with plans developed for officers of the Council to carry out reviews during 2024/25 to look at how services are delivered and how

savings can be achieved, so that any changes or cessation in service delivery can be implemented over the period of the MTFP.

5. Capital Programme

5.1 The capital programme is what the Council intends to spend on providing new assets and improving its existing ones over the next three years. As capital expenditure is incurred, a source of finance must be identified. Capital expenditure can be financed by applying capital receipts, grants and other revenue resources or alternatively through borrowing. A summary of the Capital Programme is shown below. The list of schemes that are included in the approved programme can be found at Appendix E and the details of proposed new bids is contained in Appendix F.

Table 14: The Capital Programme and its Funding for 2023/24 to 2027/28

Capital Programme 2023/24 to 2027/28	Updated Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
	£	£	£	£	£
Our Greener Future	28,949,100	220,000	270,000	270,000	-
Developing Our Communities	4,003,200	-	-	-	-
Meeting Our Housing Need	6,420,500	1,761,600	1,300,000	1,300,000	1,000,000
Investing In Our Local Economy And Infrastructure	5,427,100	1,283,400	-	-	-
A Strong, Responsible And Accountable Council	307,600	60,000	60,000	60,000	-
Total of the Approved Capital Programme	45,107,500	3,325,000	1,630,000	1,630,000	1,000,000
Funding of the Capital Programme					
Grants and Contributions	33,608,600	2,895,000	1,300,000	1,300,000	1,000,000
Revenue Funding (Reserves)	3,757,600	-	-	-	-
Revenue Funding (RCCO)	100,000	-	-	-	-
Capital Receipts	5,030,300	430,000	-	330,000	-
Borrowing	2,611,000	-	330,000	-	-
Total Funding of Approved Capital Programme	45,107,500	3,325,000	1,630,000	1,630,000	1,000,000
Proposed New Bids for approval	-	1,573,200	312,000	60,000	-
Total of the Capital Programme	-	1,573,200	312,000	60,000	-
Funding of the Capital Programme					
Revenue Funding (Reserves)	-	50,000	-	-	-
Capital Receipts	-	588,700	-	-	-
Borrowing	-	934,500	312,000	60,000	-
Total of Funding for Proposed Bids	-	1,573,200	312,000	60,000	-

5.2 The new bids proposed by service managers have been reviewed to determine which would make the highest contribution in reducing the Council's carbon emissions and this is a factor that should be taken into account when considering whether they should be included in the Capital Programme. This information has been included for each project listed in the Proposed Bids in Appendix F.

5.3 The proposed funding for the schemes is also shown in Table 14 above. Consideration is given to level of grants we have available, the level of capital receipts we have and what we might generate in future years and for any

expenditure financed through borrowing, it increases the Council's 'Capital Financing Requirement' (CFR). This will result in a revenue charge (one that impacts on the bottom line of the budget and is a charge to the Council Taxpayer) called the Minimum Revenue Provision (MRP) that is made to reflect the funding of the CFR by the taxpayer. It is required to be set aside each year starting the year after the works are completed and/or the asset comes into use. It is a charge to revenue that covers the repayment of the borrowing needed to finance the capital expenditure. As the need to borrow increases, the CFR and MRP also increase. If the Council has sufficient cash resources to meet the expenditure, it will not be necessary to borrow externally in the short term, and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing does.

- 5.4 Any new projects included in the programme in the future will need to be financed by borrowing, which will result in an additional MRP charge if no capital resources such as capital grants or capital receipts are available. Alternatively, existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO) which would avoid the need to make an MRP charge. Both are charges to the General Fund and will be included in the amount to be met from Government grant and local taxpayers.
- 5.5 In addition to the existing capital programme, approval is also being sought to include the proposed capital projects as outlined within Appendix F. Cabinet need to decide which of these projects should be included for full Council's consideration.

6. Corporate Plan Objectives

- 6.1 Financial Sustainability and Growth – a balanced budget based on savings that are achievable will ensure the Council's financial sustainability over the medium term.

7. Financial and Resource Implications

- 7.1 The Council must set a balanced budget for 2024/25 before 11 March 2024. This report presents the budget for 2024/25 which has been achieved through a combination of planned savings, draw down from reserves and a level of savings which have yet to be identified. This early consideration of the position allows action to be taken to reduce the deficit and set a balanced budget before 11 March 2024. The Medium-Term Finance Strategy is also presented in this report.

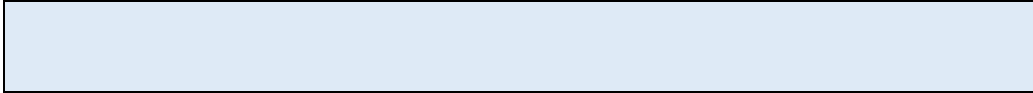
Comments from the S151 Officer:

The Council must set a balanced budget before the start of the forthcoming financial year.

8. Legal Implications

- 8.1 This report does not raise any new legal implications.

Comments from the Monitoring Officer



9. Risks

- 9.1 This report does raise the risk that a balanced budget may not be set, but the financial sustainability of the Council is already included in the risk register.

10. Net Zero Target

- 10.1 This report does not raise any issues relating to Climate change.

11. Equality, Diversity & Inclusion

- 11.1 This report does not raise any new issues relating to equality and diversity.

12. Community Safety issues

- 12.1 This report does not raise any issues relating to Crime and Disorder considerations.

13. Conclusion and Recommendations

- 13.1 This report presents the latest iteration of the General Fund budget for 2024/25. The assumptions in arriving at the position are laid out in the report.
- 13.2 It is recommended that this Overview and Scrutiny Committee consider the contents of this report and make its recommendations to full Council for it consider when setting the Revenue Budget for 2024/25 and Capital programme.
- 13.3 It is recommended that this Overview and Scrutiny Committee consider Cabinet's proposed combination of making savings, generating additional income and using reserves so that a balanced budget can be set, and then make its recommendations to full Council for it to consider when setting the Council's revenue budget for 2024/25 and Capital Programme on 21 February 2024.