

FINANCIAL PROSPECTS AND BUDGET STRATEGY 2024/25 AND BEYOND

Cabinet – 19 September 2023

Report of: Deputy Chief Executive and Chief Officer – Finance and Trading

Status: For Decision

Also considered by: Finance & Investment Advisory Committee – 5 September 2023

Key Decision: No

Executive Summary:

This Financial Prospects Report is the first report of the Council's budget setting process for 2024/25 onwards. It sets out the financial pressures the Council is likely to face in the coming years and suggests an appropriate strategy, utilising the 10-year budget framework first adopted in 2011/12, to ensure the Council remains financially stable over the long term.

Informed by the latest information from Government and discussions with the Portfolio Holder, the report proposes that the Council continues to set a revenue budget that assumes no direct funding from Government through additional Revenue Support Grant or New Homes Bonus. This will result in the Council continuing to aim to be financially self-sufficient.

To achieve this aim and to ensure a balanced budget position over the next 10-year period will be challenging partly due to the uncertainties and ongoing financial impacts of national and international events.

No changes have been made to future assumptions at the stage which will be reviewed during the budget process, as usual. However, the key cost driver continues to be inflation with pressure coming through on service demand, the pay award and the cost of goods and services. The items listed in Appendix C report a current annual budget gap of £1.368m.

Many of the reasons for the budget gap were raised with Members as part of the 2023/24 budget setting process and they continue to impact the finances of this council. There is also the impact of the leisure provider, Sencio ceasing to operate.

Inflationary and resulting service pressures are largely unavoidable. It is worthwhile making Members aware that they are likely to have to make more difficult decisions during the 2024/25 budget setting process than they have had to make for many years.

Growth and savings proposals will be presented to the Advisory Committees and Cabinet when Members will also be asked for their support and ideas. The resulting recommendations will be considered as part of the process to remove this gap.

By continuing to address these issues, this Council will once again be in a strong financial position that other councils would aspire to.

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext.7483

Recommendation to Finance and Investment Advisory Committee:

Advise Cabinet with views on the ten-year financial planning approach and principles set out in the report.

Recommendation to Cabinet:

- (a) That subject to the views of the Finance and Investment Advisory Committee, endorse the ten-year financial planning approach, financial strategy and principles set out in this report;
- (b) request Advisory Committees to review the Service Dashboards and advise Cabinet of possible growth and savings options;
- (c) request officers to continue to review the assumptions in this report and consider options to address the budget gap and report back to Cabinet on 14 December 2023.

Introduction and Background

Financial Strategy

1 The Council's financial strategy continues to aim for long-term financial health and continues to work towards improving financial sustainability. It has been successful through the use of a number of actions including:

- implementing efficiency initiatives.
- significantly reducing the back-office function.
- improved value for money.
- maximising external income.
- the movement of resources away from low priority services.

- an emphasis on statutory rather than non-statutory services.
- 2 Over this period, the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders.
 - 3 Using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available and current assumptions may need to be updated.

10-year Budget

- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the immediate reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, which ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 It should not be forgotten that £8.8m of savings have been made since 2011/12.

Financial Self-Sufficiency

- 6 With the Revenue Support Grant provided by Government having ceased from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies.
 - growing the council tax and business rate base.
 - generating more income.
- 7 This Council's approach to budgeting has been recognised by the sector as being exceptional which resulted in it being the winner of the CIPFA Public Finance Innovator of the Year Award in 2017.
- 8 The Local Government Association's Corporate Peer Challenge in December 2021 also commented that 'Sevenoaks District Council takes a long-term view of financial planning with a focus on self-sufficiency. The council's 10-year budget is innovative, an example for the sector and supports long-term decision making.

Current Budget Gap

- 9 It was mentioned in reports presented as part of the 2023/24 Budget Setting Process that it was highly likely that additional savings/income would be required as part of the next budget process. An 'Early Indications' report was presented to FIAC and Cabinet earlier in the summer which identified

the areas that could have a significant financial impact on the Council. These remain the major contributors to the budget gap of £1.368m included in this report.

- 10 The growth/additional expenditure items total £1.827m per annum. Many of these items were raised with Members as part of the 2023/24 budget setting process and they continue to impact the finances of this council. The largest items are:
 - Pay Awards above previous assumptions. The Council is on national terms and conditions. The National Employers and unions have not yet agreed on the 2023 pay award but the current offer which is an average increase of 5.7% is significantly higher than the budget assumption of 2%.
 - Direct Services – the cost of delivering the full range of services as well as the continuing higher quantities of waste and recycling. Quantities remain much higher than before the pandemic which result in increased staff costs, fuel and vehicle repairs and maintenance.
 - The change in leisure provider as agreed by Council on 4 April 2023.
- 11 Other threats to the financial position, which are managed through the budget process, include energy cost volatility and uncertainty; ongoing demands for homelessness services and temporary accommodation; and the higher costs of goods and services as a result of higher inflation.
- 12 The savings/additional income items total £0.459m per annum. The largest items are:
 - Additional income anticipated from a fees and charges review.
 - Government funding streams expected to continue in 2024/25 only.
 - Council Tax premium changes.

The Way Forward

- 13 The intention of this report is to enable Members to give consideration to the pressures likely to be faced by the Council and the strategy they wish to adopt in response to them. This report sets out the high-level approach and principles but later reports in the budget setting process will provide further details to assist in balancing the budget.
- 14 Growth and savings proposals will be presented to the Advisory Committees and Cabinet when Members will also be asked for their ideas.

Financial Self-Sufficiency

- 15 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The current Council Plan aims to continue with this approach. This means that the Council does not rely on direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.

- 16 This approach was adopted in response to the financial challenges the Country was faced with in bringing its public spending down to ensure it was able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 17 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 18 The Local Government Association's Corporate Peer Challenge in December 2021 commented that 'Sevenoaks District Council takes a long-term view of financial planning with a focus on self-sufficiency. The council's 10-year budget is innovative, an example for the sector and supports long-term decision making. This extended financial framework provides an excellent platform which has supported effective budget management and planned, long-term, decision making.'
- 19 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from New Homes Bonus will be put into the Financial Plan Reserve which can be used to support the 10-year budget.
- 20 In 2023/24 the government rolled two grants into the Revenue Support Grant which are shown as 'Govt Support: Rolled in grants' on the attached 10-year budget. This Council continues to receive no Revenue Support Grant through the Government formula.
- 21 Cabinet are keen to remain financially self-sufficient which has served the Council well and ensured it is one of the most financially stable local authorities in the country. This will allow this Council to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents need into the future.

Financial Pressures 2024/25 to 2033/34

Overall Summary

- 22 Continuing high inflation and a General Election expected in late 2024 create uncertainty and make forecasting for the next 10-year period more difficult than previous years.
- 23 As ever the Council will have to continue to deliver efficiencies, savings and additional income to maintain tighter control and deliver a balanced 10-year budget.

- 24 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 21 February 2023 to roll on one year.
- 25 The current budget gap of £1.368m is detailed in **Appendix C**. These items have been included in the 10-year budget in **Appendix B**.
- 26 Looking at expenditure, inflation is running at 6.8% for CPI (as at July 2023).
- 27 The Provisional Local Government Finance Settlement (LGFS) for 2024/25 is likely to be announced in December.
- 28 The paragraphs that follow set out the position in more detail and assess the impact on the current 10-year budget.

Income

- 29 Each year in the 10-year budget there is about a £6m difference between net service expenditure and Council Tax revenue. Previously it was reasonable to assume that inflation rates for these two items would generally be similar, but Members should be aware that if inflation remains high compared to previous years, then this approach may need to be reviewed.
- 30 **Government Support: Revenue Support Grant (RSG)** (nil received via the formula in 2023/24) – This formula-based grant has significantly reduced since 2010/11 as the emphasis of Government Support has changed, in fact this council received no RSG since 2017 and is not expected to receive any in future years.
- 31 The Local Government Finance Settlement for 2023/24 included RSG of £186,000 but it is important to highlight that this is not new or additional funding. The reason for this is that a number of previously separate grants have been rolled into RSG. It has now been assumed that this will continue in 2024/25 only. For this Council they are:
- Local Council Tax Support Subsidy of £111,000 (previously included separately in the budget)
 - Family Annexe Council Tax Discount Grant of £75,000.
- 32 Due to the way RSG is calculated, there is a danger that this amount will disappear in later years.
- 33 Negative RSG (i.e. where council's pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 34 Local Government Funding reform was due to take place in 2019/20 but has been delayed for a number of reasons and is not expected to take place in the near future.

- 35 Two one-off grants were included in the LGFS for 2023/24 as follows:
- Lower Tier Services Grant of £90,000.
 - Funding Guarantee of £912,000. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before assumptions on council tax rate increases, but includes those on Council Tax base). Core Spending Power is a government calculation including a number of funding streams. This amount is largely due to the reduction in New Homes Bonus.
- 36 It has now been assumed that these will continue in 2024/25 only.
- 37 **New Homes Bonus (NHB)** (£0.2m received in 2023/24 but not used to fund the revenue budget) – the Government started this new funding stream in 2011/12 from funds top sliced from RSG with the intention that local authorities would be rewarded for new homes being built over a six-year period. The basis of NHB was changed with effect from 2017/18. Previously it was based on cumulative figures for 6 years, but this was reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB is only received on tax base growth above 0.4% instead of on all growth (known as the deadweight). Legacy payments relating to previous years are no longer included therefore the amount for 2023/24 reduced to £184,000.
- 38 It is likely that NHB will soon be ended.
- 39 **Council Tax** (£12.2m) – The Government referendum limit for 2023/24 was an increase of 3% or £5, whichever is higher, for a Band D property (3% is higher for SDC). Council agreed to increase Council Tax by 2.98%.
- 40 The referendum limit for 2024/25 is also expected to be the higher of 3% or £5 for a Band D property. An increase of 2.97% is included in the attached 10-year budget.

2024/25 Council Tax	Current Assumption
2023/24 £ (Band D pa)	£236.70
% increase	2.97%
£ increase (Band D pa)	£7.02
£ (Band D pa)	£243.72

- 41 Due to the uncertainty of future Council Tax increase referendum limits, if maximum increases are not taken there will be an ongoing detrimental impact on the ability to increase Council Tax in future years.
- 42 The tax base increases each year due to the general increase in the number of residential properties and future developments as well as the continuing

change in the number of Council Tax discounts awarded. The assumption going forward is currently an increase of 730 Band D equivalent properties per annum. The increased tax base results in additional Council Tax income which is assumed to be greater than the incremental cost of servicing the additional properties although it should be recognised that there are likely to be step changes in costs for some services in the future such as refuse collection. The Local Plan will also affect future tax base assumptions.

- 43 **Business Rates Retention** (£2.9m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However, tariffs and top ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts. The council is due to collect £37m of Business Rates in 2023/24.
- 44 A Business Rates Pool operates in Kent and Medway which generally results in councils retaining more Business Rates than if they were not in the pool. There is an optimum level of pool membership, so this council and some others are not currently part of the pool but do benefit as if they were in the pool. A request is expected to be made to Government to continue with a similar arrangement in 2024/25.
- 45 Any increased Business Rates retained in 2024/25 due to being linked to the Kent and Medway Pool has been included in the budget rather than it being transferred to the Budget Stabilisation Reserve as in previous years.
- 46 Due to the current uncertainties and the limited opportunities to increase the number of businesses in the district, the assumption in the 10-year budget remains at the safety-net level, which is the amount of business rates the council is assured of retaining in the current scheme if it were not in a pool. However, the 2023/24 settlement included an 'Updated Safety Net and Under indexing Compensation' amount to reflect actual inflationary increases. This results in £2.92m of Business Rates Retention being included for 2023/24. It has been assumed that this will continue until 2025/26 when a Business Rates Reset is due to take place.
- 47 As the difference between Business Rates baseline and actual Business Rates collected diverges over time, a 'reset' is required after a period, to more closely align these. When Business Rates Retention was introduced in 2013/14, it was indicated that there would be a reset in 2020 however, this has been delayed several times. The Government has suggested that the approach to distributing Business Rates will be re-visited to help support the Government's 'Levelling Up Agenda'.
- 48 A reset could alter the distribution of Business Rates and it is hoped that transitional arrangements would be included so that any financial impact is minimised in the short term but there remains a risk that this council may no

longer retain any Business Rates in the future. This would result in a funding gap that would need to be replaced by additional income or further savings.

- 49 **Interest receipts** (£0.3m) – following the investment in Multi-Asset Income Funds (MAIF) in 2022, interest receipts in 2022/23 were higher than budgeted. As the intention is for the MAIF investments to be for a five year period, the interest receipts assumptions for 2024/25 to 2026/27 have been increased to £332,000 with later years remaining at £232,000 as the amounts available to invest are expected to be lower.
- 50 It should also be noted that funds lent to Quercus 7 are at rates of over 4.5%. However, this income is reported under Property Investment Strategy income rather than Interest Receipts.
- 51 The Bank of England Base Rate is currently 5.25% (as at August 2023). Assumptions will continue to be reviewed based on advice from our treasury advisors and discussions with the Finance and Investment Advisory Committee during the budget process.
- 52 **Property Investment Strategy** – The strategy was approved by Council on 22 July 2014 with the intention of building on an approach of property-based investment in order to deliver increased revenue income. This was set against a background of reducing Government Support and continued low rates of return through existing treasury management arrangements.
- 53 Six assets have been purchased or built including the Sevenoaks Premier Inn Hotel, at a cost of £25m.
- 54 As well as the £25m above, £10m has been spent by Quercus 7 Ltd on five assets.

Property Investment Strategy income assumptions in the 10-year budget are as follows:

2024/25 – 2025/26 £1.478m per annum

2026/27 – 2028/29 £1.575m per annum

2029/30 – 2033/34 £1.616m per annum

These figures include an assumed dividend of £60,000 per annum from Quercus 7.

- 55 Members should be aware that the Government and CIPFA have implemented ways to limit a Council's ability to make commercial property investments. This has stopped the Council's ability to borrow for investments made purely for yield which was the principal purpose of the Property Investment Strategy. Government may take further action following Woking BC issuing a s114 notice which was due to their approach to property investments.

- 56 To enable other capital schemes to progress, the Property Investment Strategy has been removed from the current capital programme as agreed by Council on 16 November 2021. Therefore, currently no further investments within the strategy are able to take place.
- 57 A Property Investment Strategy Update report will be produced later in the budget cycle.
- 58 **Variable fees and charges** – The Council receives income in fees and charges from a number of sources.
- 59 The assumption is currently for a 2.5% increase for all years. In addition, it was forecast that car parking income would be 25% below pre-Covid budgeted levels in 2021/22 with the position improving by 5% each year. Therefore, the assumption for 2024/25 is 10% below pre-Covid levels. This will continue to be reviewed.
- 60 It is recognised that fees and charges will need to play a major part in reducing the current budget gap. The Finance Team in conjunction with service managers will be completing a significant exercise during this budget process by reviewing all fees and charges across the council. Existing income budgets will be challenged and by using non-financial information, there will be greater certainty that the budgets are set at appropriate levels.
- 61 An initial £200,000 of additional income is currently assumed from this exercise.
- 62 **External Funding** - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services to local residents, often in partnership with other agencies. The Council's officers continue to seek new opportunities for funding.
- 63 **Shared working** - Various services have included savings from shared working in previous years budgets. The Council successfully works in partnership with other authorities in a number of areas, including Revenues, Benefits, Internal Audit, Counter Fraud, Finance, Licensing and CCTV.
- 64 The largest savings were achieved when each shared service started, some of which were in 2010. The viability of continuing to share these services is reviewed on a regular basis to ensure that this Council receives value for money and the service standards it requires.
- 65 **Use of reserves** – One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12 the Budget Stabilisation Reserve was set up to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget in recent years.

- 66 A review of the reserves held is carried out each year as part of the budget process and that will take place again this year.
- 67 When the budget is set, the balance in the Budget Stabilisation Reserve must be sufficient to support the 10-year budget.

Expenditure

- 68 **Pay** costs total £19m. The National Employers for local government services final offer for 2023/24 was £1,925 per full time employee up to a certain pay point and 3.88% on higher pay points. This equates to an average increase of 5.7% in the Council's staff costs against a figure of 2% in the 10-year budget. In cash terms this is £750,000 above the budgeted assumption. It should be recognised that the current cost of living crisis has had a severe effect on colleagues on lower salary grades.
- 69 However, the unions have rejected this offer and further news is awaited.
- 70 Negotiations regarding the 2024/25 pay award have not yet commenced. The assumption in the attached 10-year budget has been increased from 2% to 3% in 2024/25 and remaining at a 2% increase in all years.
- 71 **Superannuation fund** - the last pension fund triennial valuation by the actuaries Barnett Waddingham, took place in November 2022.
- 72 The funding level has increased from 86.6% to 93.1% since the previous valuation in 2019. The 10-year budget includes the contribution amounts set by the actuaries for 2023/24 to 2025/26 and includes an additional £50,000 from 2026/27 when the next triennial valuation will come into effect.
- 73 **Non-pay costs** – the budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs often rise at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at 6.8% (CPI) (as at July 2023).
- 74 **Asset Maintenance** - Any asset maintenance expenditure is funded by the revenue budget each year. Asset maintenance expenditure can fluctuate as the demand for programmed and ad hoc work varies across sites. The asset maintenance budgets are reviewed on a regular basis. In the current year, the average yearly liability covered by the budget is 64%.
- 75 **Annual Savings** - an annual Net Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.
- 76 **Unavoidable service pressures** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. These will be identified in the Service Change Impact Assessments (SCIAs) that will be reported to the Advisory Committees between October and December or to Cabinet in later budget reports.

- 77 These additional service pressures will, where possible, be absorbed within existing budgets. However, there is some likelihood that some pressures will be difficult to absorb, and Members will need to give these consideration as part of the budget process. However, it should be recognised that by having a 10-year budget there is greater scope to deal with these pressures and therefore have less impact on current services whereas other councils who only have single year budgets would have to make larger immediate savings.
- 78 **Kent County Council** – with the known financial challenges faced by KCC, there is a risk that actions they take to manage their budgets may result in this Council being impacted resulting in additional expenditure or reduced income.
- 79 **Progress on the savings plan** – 2024/25 will be the fourteenth year of using the 10-year budget. During this period, 211 savings/additional income items have been identified totalling £8.8m. The majority of these savings/additional income items have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.
- 80 **Changes since the 10-year budget started** – The table below shows how the Net Service Expenditure has changed since 2010/11. This shows that the budget has reduced by £3.1m (17%) in real terms.

Net Service Expenditure	£m
2010/11 (budget)	16.711
2022/23 (2010/11 budget +2% inflation per year)	21.618
2023/24 (budget)	18.533
Difference	3.085

Current 10-year budget position

- 81 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 21 February 2023 by rolling it forward one year.
- 82 Changes have been made to the following assumptions:
- Business Rates Retention – additional income from the Business Rates Pool of £250,000 included in 2024/25 only.
 - Pay award – increased from 2% to 3% for 2024/25.

- Interest receipts – increased from £288,000 to £332,000 for 2024/25 to 2026/27 and from £188,000 to £232,000 from 2027/28.
- Property Investment Strategy – increased from £1.618m to £1.478m for 2024/25 to 2025/26, from £1.715m to £1.575m from 2026/27 to 2028/29 and from £1.756m to £1.616m from 2029/30.
- Pay award – increased from 2% to 3% for 2024/25.

83 The current budget gap is £1.368m which is detailed in Appendix C.

84 The major reasons for this gap are pay awards (explained above), the cost of providing the full range of Direct Services operations and the change in leisure provider.

85 Officers have been working on proposals to reduce the gap and these will be presented to the Advisory Committees as part of the budget process.

86 Due to the size of the budget gap this year it is more important than ever that Members fully participate in the process by making suggestions and recognising that some tough decisions may need to be made.

87 As previously reported, the options are likely to cover a number of areas including:

- Service efficiencies.
- Additional income.
- Re-prioritisation of reserves including use of the Budget Stabilisation Reserve.
- Service reductions.

88 When looking at prospects for year 11 onwards, there is still likely to be a need to take further actions as these years come into the rolling 10-year period.

Proposed Financial Strategy

89 The proposed Financial Strategy is set out in **Appendix D**.

90 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council aims to continue to adopt a Financial Strategy that includes the following priorities:

- A balanced 10-year budget is delivered annually.
- Remain financially self-sufficient.
- Financial plans ensure there are no unplanned reductions to Council services.

- Make effective use of reserves and capital receipts.
- Maximise income from grants and other funding opportunities.

91 Our vision is for 'long-term financial health to deliver exceptional services and achieve the promises set out in the Council Plan'.

92 It is recommended that this strategy be adopted.

Process and timetable

93 Members will note from the timetable set out in **Appendix A** that this report is being considered by the Finance and Investment Advisory Committee on 5 September 2023 and any comments will be considered along with this report at Cabinet on 19 September 2023.

94 All Advisory Committees will be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs) between October and December when they will be asked for their views on growth and savings proposals for their areas. This part of the process ensures that all members have a role to play in the Governance of the council and the budget decision making process.

95 Budget Update reports will be presented to Cabinet on 14 December 2023 and 18 January 2024 to provide details of progress, before the Budget Setting report is presented to Cabinet on 8 February 2024.

96 Training sessions on the budget process will be provided to Members prior to the Advisory Committee meetings. If Members require any further training or have any questions about the process, they are asked to contact Adrian Rowbotham or Alan Mitchell.

Review of the 10-year Budget Process

97 An audit of the 10-year budget process was completed by Mazars (working for Internal Audit) in 2021 and their findings were that the Council has adequate, effective and reliable controls in place over budget setting and long-term financial planning.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement

It is a requirement for the Council to set a balanced budget, failure to be able to do so could result in a S.114 notice being issued by the S.151 Officer. There is currently no expectation that the Council would be required to be in that position. The 10-year

budget approach provides adequate flexibility to manage most circumstances, subject to sufficient savings being identified and implemented, and the ongoing effective and prudent management of the Council's finances.

An effective integrated policy and priority driven long-term financial and business planning process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as the Local Government Financial Settlement. The risks will be mitigated by continuing to review assumptions and estimates, remaining financially self-sufficient and by updating Members throughout the process.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Individual equality impact assessments will be completed for all Service Change Impact Assessments (SCIAs) to ensure the decision-making process is fair and transparent.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is currently no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Individual net zero implication assessments will be completed for all Service Change Impact Assessments (SCIAs).

Conclusions

The Financial Strategy and 10-year budget process have ensured that the Council follows a logical and well considered process and approach in dealing with the many difficult challenges that it has faced. They have also helped to ensure that the Council is well placed in dealing with more immediate and longer-term challenges.

By becoming financially self-sufficient at an early stage, this Council has become much more in control of its own destiny.

The attached 10-year budget shows that this Council is aiming to continue to be financially stable going into the future with a level of assurance that any council would aspire to. However, with a range of issues impacting the council's finances, this is the most challenging budget process this Council has faced for many years.

The Council aims to continue to provide value for money services to a high standard ensuring that the decisions made lead to an achievable 10-year budget. Members will need to consider the impact on service quality, staff and well-being.

Appendices

Appendix A – Budget Timetable

Appendix B – 10-year Budget

Appendix C – Changes to the 10-Year Budget

Appendix D – Financial Strategy

Background Papers

None.

Adrian Rowbotham

Deputy Chief Executive and Chief Officer – Finance & Trading