

Report to: Cabinet



Date of Meeting 3 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Draft Revenue and Capital Budgets 2024/25

Report summary:

This report presents the draft revenue and capital budgets for 2024/25 for adoption by the Cabinet before consideration by a joint meeting of the Overview and Scrutiny Committees and the Housing Review Board.

Recommendations from these meetings will be presented back to Cabinet on 31st January 2024 when members will finalise budget proposals to recommend to Council.

This report has been compiled before the Local Government Finance Settlement which is expected on the 19th December, Cabinet will be updated on any implications to the draft budget for its meeting on 3rd January.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the draft revenue and capital estimates are adopted before forwarding to a joint meeting of the Overview and Scrutiny Committees and Housing Review Board for consideration.

Reason for recommendation:

There is a requirement to set a balanced budget and to levy a Council Tax for 2024/25

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

Equalities impact Low Impact

An analysis of budget changes has not highlighted areas that give rise to any equality issues that need highlighting. There are no changes proposed from the current service provisions because of the draft budget that will affect individuals.

Climate change High Impact

The budget approval gives the Council the resources necessary to undertake its business which will significantly contribute to the carbon footprint of the Council. The Council is committed to reducing its carbon net emissions to zero by 2040 and resources have been factored into the budget to meet this priority.

Risk: Medium Risk; Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record have been considered to prepare robust budget proposals. Other specific areas of risk have been highlighted where appropriate within the report.

Links to background information [2024/25 Budget Book](#)

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

1. Process

- 1.1 The Constitution requires Cabinet to approve the draft revenue and capital budget prior to consideration by the Overview and Scrutiny Committees. The Housing Review Board will undertake the same function in relation to the Housing Revenue Account budgets.
- 1.2 Recommendations from these meetings will be presented back to Cabinet at its meeting on 31st January, along with any comments from the business community. At this meeting members will be required to recommend to Council a budget and the Council Tax requirement for 2024/25.
- 1.3 At the same time as preparing the draft budget, draft service plans have been prepared for member consideration which have where possible reflected the emerging new Council Plan. This is helped by the Council proposing to retain its core key priorities that are within its existing Plan and looking to recognising how important day to day service delivery is to our residents and businesses.

2. General Fund Budget

The Overall Financial Picture

- 2.1 Members will be aware the Council's costs are mainly met through Business Rate income, a decreasing sum from New Homes Bonus Grant (NHB), Council Tax and through fees and charges on services it provides. A relatively small proportion is met from general government grant.
- 2.2 The Local Government Finance Settlement is a crucial part in the Council's budget preparation. This details the rules and allocations around key income streams and how much the Council can expect to receive from them. The exception being fees and charges which in the main the Council can determine itself, except with planning fees which are determined by Government.
- 2.3 Unfortunately, the settlement is not expected until 19th December, too late to be reflected in this report to meet the agenda publishing timetable. On 5 December 2023, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement which was accompanied by a policy statement on the 2024/25 local government finance settlement. This statement comes ahead of the full 2024/25 provisional local government finance settlement announcement. The statement confirmed that:
- The Government will not proceed with any fundamental reforms to the finance system in 2024/25.
 - Overall, the Government expects core spending power for local authorities will increase by 6% on 2023/24.
 - Councils will be compensated for business rate reductions applied by Government.
 - That shire district councils will have a referendum principle of 3% or £5, whichever is higher and there continues to be no referendum limits set for town and parish councils.
 - Continue with the funding guarantee to increase every council's core spending power by at least 3% before additional council tax income as result of council tax local level decisions is factored in.
 - New Homes Bonus will continue in 2024/25 with a new round which will attract no legacy payments.
- 2.4 The adopted Financial Plan which contains the Medium Term Financial Plan (MTFP) estimated for 2024/25 a budget gap of £578k from services costs increasing greater than income generated. The assumption had been made in the Plan that business rate rebasing would not occur at least until 2026/27.
- 2.5 The Financial Sustainability Model (FSM), as part of the Financial Plan, has generated savings and produced additional income, which includes work by the Revenues Team to maximise the council tax base and New Homes Bonus payment; these actions along with increased business rates and working with budget managers has given us a **Draft General Fund Budget for 2024/25 that is balanced and includes a planned transfer to the General Fund of £0.5M.** The requirement for this transfer is detailed further in this report.

Draft Revenue Budget 2024/25

- 2.6 A summary position of the General Fund draft budget is given below. Further details are contained in the Budget Book linked to this report showing the current budget and the draft budget proposed for 2024/25 alongside variation between years. The draft budget has been prepared based on continuing to provide existing services.
- 2.7 The draft budget includes key areas that align to the emerging Council Plan and details can be drawn from service plans.

General Fund Revenue Budgets 2024/25

Portfolio Budget - Net Expenditure	Original 2023/24 (£)	Original 2024/25 (£)	Variation (£)	%age Change	Notes
Corporate Business	194,520	232,990	38,470	20%	1
Corporate Services	2,207,870	2,407,260	199,390	9%	2
Economy And Regenrtn Portfolio	588,060	571,628	-16,432	-3%	
Environment Portfolio	5,602,440	5,878,759	276,319	5%	3
Finance	-1,154,745	-576,830	577,915	-50%	4
Strategic Development & P'Ship	3,188,800	2,847,812	-340,988	-11%	5
Street Scene Portfolio	13,151,070	14,366,010	1,214,940	9%	6
Sustainable Homes & Communitie	1,714,654	2,108,156	393,502	23%	7
Portfolio Totals	25,492,669	27,835,785	2,343,116	9%	
Reversal of Capital Charges (Depreciation)	-3,270,390	-3,347,540	-77,150	2%	
Portfolio Totals Net of Capital Charges	22,222,279	24,488,245	2,265,966	10%	
Interest Receipts (Net of investment management fees)	-1,148,535	-1,581,690	-433,155		
Interest Payable	300	300	0		
PWLB Interest & Principal Repayments	523,190	506,410	-16,780		
Net Expenditure	21,597,234	23,413,265	1,816,031	8%	
Government Grants					
New Homes Bonus Grant	-1,025,642	-1,147,701	-122,059		
Rural Services Delivery Grant	-264,441	-265,000	-559		
Minimum Funding Guarantee Grant	-1,530,145	-1,550,000	-19,855		
Service Grant	-107,777	-58,000	49,777		
Savings Target	-70,000	0	70,000		
Use of Reserves					
Use of Collection fund surplus	-358,810	-96,000	262,810		
Earmarked Reserves	-1,295,160	-865,411	429,749		
Use of General Fund Balance for elections	-169,290	0	169,290		
Use of MTFP Risk Reserve	-86,069	0	86,069		
Contribution to/(from) General Fund Balance	0	500,000	500,000		
Budget Requirement	16,689,900	19,931,153	2,655,184	16%	
Revenue Support Grant	-260,000	-278,000	-18,000		
Business Rate Baseline Funding	-3,098,000	-3,733,000	-635,000		
Final Settlement adjustment (post budget)	-140,000	0 (tbc)	140,000		
Business Rate Retention Inflation Uplift	-3,300,000	-5,077,242	-1,777,242		
Business Rate Pooling Gain	-318,000	-428,000	-110,000		
-	0	0	0		
Reported Council Tax Requirement	9,973,900	10,414,911	254,942	3%	

2.8 Significant variations between years to note:

- Overall, there has been a significant increase in employee related costs of £2.3m. The implications of the 2023/24 national pay award being £1,925 per employee has now been included in the base budget with a further 2% rise for 2024/25. This was the pay award assumption in the MTFP for 2024/25 but considering other councils' assumptions a further £0.5m unallocated contingency has been factored into next year's budget, adding a further 2% possible increase.
- Premises and Transport costs have remained broadly the same with a £3.6m budget across the services.
- Total income in fees and charges has increase by £1.6m to £16.4m from £14.8m.

Service specific variations referenced to the table above.

1. Corporate Business

Inclusion of fixed term Information and Complaints Officer post circa £37k (including on costs) funded by transformation reserve. While improvements are being made to processes it is recognised workload is currently high and we need to improve our response time.

2. Corporate Services

Following the recent IRP review it was approved that there would be an increase to the basic and special duties allowance, this has resulted an increase in budget for 2024/25, reflecting the amounts agreed and an assumed inflationary increase. Overall, a £70.5k increase in budget.

£500k staff contingency budget pending 2024/25 pay award agreement.

3. Environment

£92k LED service payment increase over 2023/24 budget (+6.7% assumed increase). This is a total of £1.411m plus £50k Outreach grant.

4. Finance

£201k additional net cost in Housing Benefit Awarded through subsidy reduction.

£92k additional net Grant & Other External Income on Housing Benefit and Council Tax Administration but £42k increases in related costs including External Audit of Housing Benefit of £16k.

A new post has been included for Procurement Support £49k (partly offset by a contribution from the HRA).

£86k additional employment costs for Financial Resilience Team funded from earmarked reserve.

5. Strategic Development & Partnerships

Income levels within development management have been amended to include an estimate for the introduction of the national fee increase of 35% for major applications and 25% for all other applications. This means that householder applications will increase by 25%, from £206 to £258. The maximum fee for the largest and most complex applications will rise by 35%, from the current £300,000 to £405,000. The regulations also introduce an annual inflation-related increase in fees from 1 April 2025. The increase will be at the rate of the consumer price index from the previous September, capped to a maximum of 10% to ensure that fees do not lose their value in future.

In addition, the regulations remove the existing fee exemption, which allows applicants, in certain circumstances, to submit a second application without paying a fee. Budget income has been increased by £375k for 2024/25 and the staffing establishment has been increased by £188k (4 FTE) to support service delivery.

6. StreetScene

Total expenditure on recycling and waste has increased by £1.0m, this reflects the new contract arrangements and captures recent increases in the National Living Wage (+£377k) that feed through to the contract cost.

Green Waste has an improved position of £197k, reflecting both an increase in subscribers and price, also the new contract arrangements with Suez whereby 100% of profit is now retained.

Beach Safety has increased by £44k following provision review as report to committee. This reflects step increases in the % contribution paid by EDDC to the RNLI and the extension of cover to Budleigh (peak season only).

7. Sustainable Homes and Communities

Homeless Persons budget has increased by £139k; £131k relates to net costs after government grant and £8k from internal service charges.

Home Safeguard additional net cost £124k, partly due to the addition of an Interim Project Manager and Interim promotion of Call Handlers and Telecare Officers circa £62k to be funded by the Transformation Reserve, income has been reviewed to reflect Home Safeguard customer base overall reduced by £10k and increases in internal service charges (£19k).

2.9 There are two new areas of risk in the draft budget that need to be reflected in considering the Council's General Fund Balance.

- The Council has entered a new cost plus 5% arrangement with its Recycling and Waste Contract (details previously reported and adopted by members) with the cost and income risks now falling entirely to the Council. Whilst a prudent approach has been taken in the draft budget it is considered appropriate that the General Fund Balance needs to increase to factor this additional risk, particular in the first full year of its operation.

- The LED service payment is included in the draft budget at £1.464m, £92k above the current year, factoring in a 6.7% increase. A new service level agreement and annual payment methodology is being developed with the support of Strategic Leisure. This has yet to be finalised and needs considering by the LED Monitoring Forum. The proposal is for detailed budgets, with previous year comparisons, to be presented by LED to be considered in partnership with the Council considering affordability, risks that might be shared and possible efficiency. This was also to include a management fee in recognition of investment required by LED and the need to replenish their reserve levels.

A detailed budget has yet to be presented for consideration, but LED have recently indicated that a payment in the order of £1.960m is required. This being a further £496k above the draft budget sum. This needs to be considered in significant detail by the LED Monitoring Forum, as would be the case with any such increase in any Council budget line. The difference between the budget and LED request is a financial risk to the continued operation of this important public service.

2.10 With the MTFP budget gap in mind only a small number of special items/additional growth areas were brought forward for consideration. These being staff resources where capacity for the Council is currently a concern and at this stage the following has been accommodated into the draft budget proposals.

- £49,890 is the permanent inclusion a Digital Communications Officer post (previously temporary),
- a Procurement Officer Support post has been included within Finance with an appropriate charge being made to the HRA,
- within HR a new Equality & Diversity Advisor post has been added at £34k.
- an Information & Complaints Officer has been added for a 12month period and is being funded by the transformation fund.
- £188k of the additional income raised in planning fees increases for additional staffing resources in Planning Development Team.

Due to the limited scope within the budget the initial request of £10,500 for beach matting at Beer, Budleigh and Sidmouth has been excluded but could be included in future as part of larger scheme plans incorporating external funding. Any outstanding special requests could also be considered again at the 2023/24 outturn stage.

2.11 Council Tax

The draft budget assumes the Council will increase the Council Tax for 2024/25 by £5 a year. This is in line with the MTFP and assumptions made by Government on funding available to the Council. This gives a precept for the Council of £10,414,911 raising the current annual council tax charge from £161.78 to £166.78 for a band D property, a 3.09% increase. This is the maximum increase allowed within the Referendum regulations (£5 or 3% which is ever is the greater).

This is based on the Council Tax Base of 62,447 band D properties; an increase of 794 compared with the current year.

2.12 General Fund Balance

At the beginning of the current financial year the General Fund Balance stood at £4.3m. This is at the upper end of the previously adopted range between £3.5m and £4.3m.

The purpose of this statutory reserve includes:

- Holding a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- a contingency to cushion the impact of unexpected events or emergencies.
- a means of building up funds, this can take the form of earmarked reserves.

To assess the adequacy of unallocated general reserves when setting the budget, the chief finance officer should take account of the strategic, operational, and financial risks facing the authority.

Authorities have been faced by increasing financial pressures and a period of severely constrained resources since 2008. Demands on local government services continue to increase. Local authorities now face significant resource pressures because of increased inflation and the cost-of-living challenges.

Events such as the floods and severe weather episodes and the COVID-19 pandemic have emphasised the need for authorities to be prepared for major unforeseen events. Adequate insurance cover combined with appropriate levels of reserves will enable authorities to manage the demands placed on them in such circumstances.

There is no set formula in determining the appropriate level to be held but a common approach we have adopted is to consider a percentage of the Net Expenditure Budget over a period; we have set 10% to cover a year and half giving £3.5m. To this we have added £0.8m as additional headroom. There are two unique risks identified in setting the 2024/25 budget: new Recycling and Waste Collection contract arrangement and the LED SLA. It is therefore proposed in the budget to transfer £0.5m into the General Fund Balance and revise the range from £4m to £4.8m leaving the Balance at the top end.

Budget proposals for 2024/25 recommend the General Fund Balance adopted range be increased by £0.5m, giving a revised range of £4m to £4.8m. This will help ensure the Council is in a financial position to respond to immediate and future risks. This will be reviewed again considering actual outcomes and reflected again at the 2023/24 outturn.

2.13 Business Rates

The 2024/25 budget uses the Government's assumed funding calculation at £3.733m (to be confirmed), to this an additional £5.077m has been added to reflect the estimated income above base received in business rates (projection in line with LGFutures estimates for EDDC).

Also, a business rate gain has been included for remaining in the Devon Pool estimated at £0.428m. This has again been included in the base budget, for a second year, to help fund the overall budget.

The Council does hold a Rates Volatility Fund of £0.650m accumulated from previous Business Rate surplus to mitigate the risk if Rates do not achieve this full level and it helps smooth out year on year fluctuations.

2.14 New Homes Bonus (NHB)

The Government intention is to end the NHB scheme, the grant for 2024/25 is assumed at £1.148m but is to be confirmed, this remains in line with £1.025m in 2023/24. This is an increase of £123k and reflects work by the Revenues Team to increase the income by reducing the number of recorded empty homes and having a higher taxbase.

Budget Strategy for future years

2.15 The Council adopted in October 2023 the Financial Plan 2024 – 2034 which comprised two parts:

➤ **Part A - The Medium Term Financial Plan Model (MTFP)**

The MTFP provides a financial model and forecast of the cost of providing services over a rolling ten-year period, together with an estimate of the financial resources that are likely to be available to the Council. The process is designed to provide an early warning of any potential deficit in the required level of resources.

An extract from that Model is shown in the table below and highlights again the impact of worse case on business rates rebasing in 2026/27 with a shortfall of £4.5m.

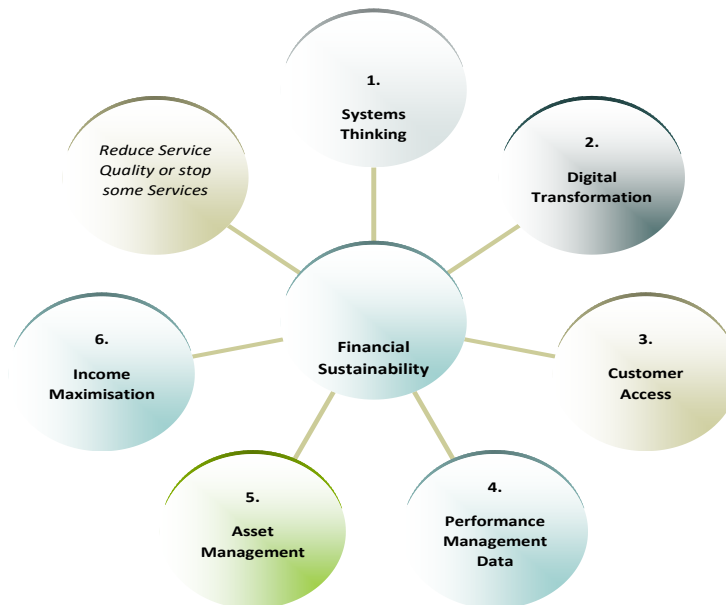
General Fund	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget Shortfall/(Surplus)	578	563	4,467	(154)	(126)	(131)	863	(142)	(258)	(44)

The draft budget now prepared in detail for 2024/25 gives a balanced budget, however future year budget shortfalls remain.

➤ Part B – Financial Sustainability Model (FSM)

This part of the Financial Plan considers how the Council will balance its finances over the coming years to continue to provide service for its residents and customers. This work needs to continue with in more earnest, to ensure we are achieving Value for Money throughout the Council within each service, to evidence this and seek improvement and savings where possible. Key enablers are identified to aid us in this process with Enabler Leads identified and corporate resources being available to work with services.

Extract from the FSM as a reminder to the process adopted;



Depending on the outcome of this work and savings achieved, consideration will then need to be given to service reductions to balance the books to achieve financial sustainability.

3 Housing Revenue Account Budget

The Overall Financial Picture

- 3.1 The Housing Revenue Account (HRA) is underpinned and influenced by a business plan, this plan needs to be updated with revised financial modelling once the house condition survey work is complete to include an Asset Management Strategy to determine future priorities and affordability going forward.

The draft 2024/25 budget approach has been similar to the current year with variations as noted below. The budget is seen as an interim solution whilst restructured teams bed in which may also result in the re-organisation of budgets but within the same financial envelope. All planned expenditure is met from available income.

3.2 The increase in any individual tenants rent is normally limited to inflation + 1% for the forthcoming financial year. Inflation is taken as the Consumer Price Index (CPI) rate at the prevailing rate for September 2023, which was official registered at 6.7%.

The draft budget assumes an increase in Council House rents to this level with a factor included for a reduction in stock numbers and voids giving £21.48m, an increase of £1.47m. An increase of 3.5% has been assumed on garage rents giving an additional £8k in income but members may consider this not to be appropriate.

Draft Revenue Budget 2024/25

3.3 The budget book details the draft estimates for 2024/25.

3.4 The budget has been prepared to maintain council homes to a high standard with a comprehensive planned programme of expenditure, adaptations and routine repairs. The 2024/25 draft budget maintains significant sums for:

- Major repairs totalling £2.9m covering new doors, boilers, kitchens and bathrooms, including change of tenancy expenditure, replacement of wooden fascias with uPVC and roof replacements.
- Day to day repairs, programme maintenance and one off works totalling £5.8m.

Sum of Budget			Data			
Rep Cat 1	Rep Cat 2	Rep Cat 3	2023 YTD	2024	Variance	Notes
1 INCOME	1 Gross Property Rent inc Garages	1 Gross Property Rents	-19,911,900	-21,088,320	-1,176,420	1
		2 Garage Rents	-231,110	-220,150	10,960	2
	2 Other Income	1 Other Income	-658,510	-738,070	-79,560	
1 INCOME Total			-20,801,520	-22,046,540	-1,245,020	
2 EXPENDITURE	1 Repairs And Maintenance - General	1 Responsive Maintenance	2,411,398	2,945,390	533,992	3
		2 Annual Programmed Maintenance	1,539,760	1,520,920	-18,840	
	2 Repairs And Maintenance - Special	1 Compliance	808,600	650,050	-158,550	4
		2 Other	1,003,560	710,160	-293,400	5
	3 Supervision And Management	1 Supervision And Mgt General	5,057,711	5,886,631	828,920	6
		2 Supervision And Mgt Special	3,030,540	3,416,870	386,330	
	4 Other Expenditure	1 Other Exp non Sewerage	571,500	686,070	114,570	7
		2 Sewerage	45,740	45,740	0	
	5 Capital Charges & Bad Debt	2 Reval Deprn and Impair	950,420	950,420	0	
		3 Major Repairs Expenditure	3,356,710	2,800,900	-555,810	8
2 EXPENDITURE Total			18,775,939	19,613,151	837,212	
3 FINANCING	1 Interest on Balances		-49,000	-458,600	-409,600	9
		2 Loan Principal & Interest repayments	2,608,580	2,663,160	54,580	
	3 Other	1 Gain on Disposal	-3,161,910	-3,161,910	0	
		2 Loss on Disposal	2,001,980	2,001,980	0	
		4 Other	-10	-10	0	
	4 MIRS	1 Rev Gain on Disposal	3,161,910	3,161,910	0	
		2 Rev Loss on Disposal	-2,001,980	-2,001,980	0	
		3 Rev Rev, Dep & Impair	-950,420	-950,420	0	
4 TFR to EARRES		-40,000	0	40,000		
	5 Cont to Capital	880,000	1,179,259	299,259	10	
3 FINANCING Total			2,449,150	2,433,389	-15,761	
(blank)			0	0	0	
Grand Total			423,569	0	-423,569	

Variations referenced to the above table

1. Cpi +1% (7.7%) increase in rental income per central government guidance.
2. 3.5% increases across all other income including garage rents and associated void levels.

3. 4.6% (Oct CPI proxy) uplift on monthly PPP Payments plus a rebasing of budget requirements for exceptions and non-PPP Properties.
 4. Reduction in Asbestos works based upon current spend patterns.
 5. Fuel efficiency measures budget reduced by the spend to date on the Cyclo boiler project.
 6. Interim housing structure changes plus assumed 2% inflationary uplift as a pay award.
 7. Inflationary uplifts and warm hub contribution of £50k.
 8. Reduced level to include only Void works and Kitchen and Bathroom programs, budget moved to capital contribution.
 9. Continued good rate of return on investments due to interest rate levels.
 10. All surplus to be allocated as a contribution to capital to partially fund planned major works with any additional requirements funded through borrowing.
- 3.5 The proposed Housing Revenue Account draft budget presented is a balanced budget, with any surplus to be included within an increased contribution to capital of £1.2m to invest in our stock and fund capital projects. The HRA Balance is currently predicted to meet the £3.1m level at the end of 2023/24 once contributions to and from reserves are taken into account. There is an additional £1.6m being held in the HRA debt Volatility Fund which remains unchanged.
- 3.6 The draft HRA budget will be reviewed by the Housing Review Board (HRB) on 25th January 2024.

4 Capital Programme

The Overall Financial Picture

- 4.1 The draft Capital Programme for 2024/25, after in year available resources are used, gives an overall funding need of £9.114m. The funding position across years will be managed in the most efficient manner considering the Council's overall Treasury Management position.
- 4.2 Any underfunded capital is factored into the Council's Minimum Revenue Provision (MRP) calculation (the amount required to be charged to the revenue account for unfunded capital) in line with the Council's MRP Policy. In addition, there will either be interest on any external loans required to be factored in, or the loss of investment interest on any internal borrowing used. This has been factored into the 2024/25 draft budget. The higher the unfunded element of the capital programme the greater cost to the General Fund going forward.
- 4.3 The preparation of the draft Capital Budget has been directed by the Budget Setting & Allocation Panel who met on 7th December 2023 to consider scheme proposals. The Panel considered funding resources available, the capital appraisal process and then each scheme proposal in turn. A total of £5.159m was approved to be included in the programme, however £2.102m relating to property linked to LED will be subject to further discussion to ensure compatibility with the agreed LED SLA position. Minutes of this meeting are presented to Cabinet.

4.4 The capital appraisal process has been used to build a capital programme aimed at delivering the Council's stated priorities and ensuring schemes meet set outcomes. Each scheme is given a score against a set criteria such as how the project meets the Council Plan, the risk involved, any part funding, invest to save, service provision and carbon implications; scoring schemes higher which contributed to a reduction in carbon. This scoring is used to measure priority against the funding available.

For each scheme proposed an Initial Project Proposal Form was completed as governed in the adopted "Guide to Project Management". It was recognised by BSCAP the importance of the emerging Asset Management Plan in determining capital spend allocations going forward.

Draft Capital Budget 2024/25

4.5 The budget book details the draft capital programme for 2023/24 to 2027/28.

4.6 A summary of the capital funding position is given below:

Capital Programme Financing	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Budget	Budget	Budget	Budget
	£	£	£	£	£
Net Expenditure to be Financed (GF & HRA)	14,292,256	15,556,302	13,509,935	12,282,758	8,469,090
Adjust for unused income from grants/contributions:					
	14,292,256	15,556,302	13,509,935	12,282,758	8,469,090
Financing:					
In year capital receipts General Fund	(400,000)	(200,000)	(200,000)	(200,000)	(200,000)
3rd Party Loan repayments	(676,231)	(1,336,497)	(102,888)	(906,117)	(109,449)
GF Capital Receipts Reserve	0	0	0	0	0
General Fund Capital Receipts	(1,076,231)	(1,536,497)	(302,888)	(1,106,117)	(309,449)
PWLB loan - EZ - Park and Change	(209,274)				
GF Loans	(209,274)	0	0	0	0
HRA Released RTB and Misc Capital Receipts	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
HRA contribution - From Major Repairs Reserve	(3,881,710)	(4,406,000)	(4,406,000)	(4,406,000)	(4,406,000)
HRA Cont "Depn"	0	0	0	0	0
HRA funding	(4,381,710)	(4,906,000)	(4,906,000)	(4,906,000)	(4,906,000)
New Homes Bonus Funding	0	0	0	0	0
Net (internal borrowing) / Transfer to Capital Reserves balance	(8,625,041)	(9,113,805)	(8,301,047)	(6,270,641)	(3,253,641)
GF Loans/Internal Borrowing	(8,625,041)	(9,113,805)	(8,301,047)	(6,270,641)	(3,253,641)
Total Funding	(14,292,256)	(15,556,302)	(13,509,935)	(12,282,758)	(8,469,090)
Shortfall / (Surplus)	(0)	0	(0)	0	0

4.7 The draft capital budget for 2024/25 totals £15.556m (net of direct grants), with the unfunded amount being £9.114m. There continues to be no New Homes Bonus (NHB) or significant capital receipts/reserves available to fund the capital programme.

5 Other Balances & Reserves available to the Council

5.1 The Council holds a number of earmarked reserves set aside for specific purposes, the use of such reserves in the 2024/25 draft budget are detailed in the budget book for members' information. In addition, members have ring-fenced the use of the Transformation Fund to support the decisions made over public toilet provision - implementation costs, continued running costs whilst transfers/disposals are completed and to assist with legal fees incurred by town and parish councils. The extension and use of the Fund is likely to be required in 2024/25 and it is proposed an additional provision sum is allocated of £200k if required.

6. Robustness of estimates and adequacy of reserves

6.1 This part of the report deals with the requirement of Section 25 (2) of the Local Government Act 2003 in that the Council's Chief Finance Officer (CFO) must report on the robustness of the estimates included in the budget and the adequacy of reserves for which the budget provides.

6.2 In terms of the robustness of the estimates, all known factors have been considered and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates, estimates on the level and timing of capital receipts, the treatment of demand led pressures, the treatment of planned efficiency savings/productivity gains and levels of income, financial risks inherent in any new arrangements and capital developments and the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record have been considered in order to prepare robust budget proposals.

6.3 The proposed draft budgets for 2024/25 maintain both the General Fund balance and the Housing Revenue Account balance at adopted levels provided actual net expenditure is at, or below, the level forecast. Continuous monitoring and reports to Cabinet will highlight and make recommendations on any corrective action necessary to achieve this during 2024/25. The position on these Balances will be considered again at the 2023/24 Outturn stage when the final year end position is known.

Particular risks have been highlighted in the report with the full business rate income being taken into the budget and the financial risks, as highlighted by the MTFP, that any reform/rebasing may bring.

This report has also been prepared without the Local Finance Settlement having been announced and members will be updated on the implications of the actual Settlement.

7. Prudential Code

7.1 The Local Government Act 2003 also requires under regulation for local authorities to have regard to the Prudential Code for Capital Finance in Local Authorities, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) when setting and reviewing their affordable borrowing limit.

7.2 The key objective of the Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

- 7.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used and the factors that must be taken into account. These indicators will be presented to the next Cabinet meeting when a recommendation will be made on the budget for 2024/25, Council Tax levy and Council House Rents.
- 7.4 A Capital Strategy is required to be approved by Council annually to consider any investment property the Council holds or likely to hold, what this means in terms of financial exposure and risk. This will be presented along with the documents above at the next Cabinet for onward approval by Council in February 2024.

Financial implications:

Financial details are contained in the report.

Legal implications:

No legal observations are required.