

Report to: Cabinet



Date of Meeting 31 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Revenue and Capital Budgets 2024/25

Report summary:

Cabinet adopted draft Revenue and Capital Budgets for 2024/25 at its meeting on 3rd January 2024. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 11th January and the Housing Review Board considered the Housing Revenue Account budget on 25th January.

Recommendations from the Overview and Scrutiny meetings are detailed in this report and the minutes are contained on the agenda. The Housing Review Board proposed no amendments to the draft Housing Revenue Account budget and minutes of the meeting are also included on the agenda.

Following the draft budget report being considered by these meetings the Department for Levelling Up, Housing and Communities announced additional funding could be expected by Councils in the final settlement compared with the earlier provisional settlement.

Individual authority numbers will be in the final settlement expected in the next few weeks, we have estimated this will increase our income by £164k, although we will need the final announcement to know exactly.

It is too late in our budget process to consider any detailed budget amendment proposals; it is suggested once the final sum is determined that this is held in an unallocated budget to be allocated in year by Council based on priorities and pressures.

It is now for Cabinet to consider comments and recommendations and to make their recommendations to Council.

As part of the Prudential Code for Capital Finance in Local Authorities the Council is required to set prudential indicators as part of its budget setting process, these indicators are detailed in the Treasury Management Strategy 2024/25 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy and are included on the Cabinet agenda. They reflect the proposals and details in this report.

Alongside the Treasury Management Strategy sits the Capital Strategy which is also contained on this agenda for adoption.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

It is recommended to Council

1. To propose the Net Expenditure Revenue General Fund Budget for 2024/25 of £23.582m (as detailed in the report) and to transfer £0.5m into the General Fund Balance for the specific risks identified in the budget report to Cabinet on 3rd January (LED service payment and Recycling and Waste Contract).
2. A Council Tax increase is approved of £5 a year giving a Band D council tax of £166.78 a year for 2024/25.
3. That the Housing Revenue Account Estimates with a net budget of nil (total expenditure met by income) is approved with a 7.7% increase on Council dwellings rents.
4. That the Net Capital Budget totalling £15.556m for 2024/25 is approved

Reason for recommendation:

There is a requirement for the Council to set a balanced budget for both the General Fund and Housing Revenue Account 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 as a result 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 in order to prepare robust budget proposals. Other specific areas of risk were highlighted within 2024/25 budget report to Cabinet on 3rd January 2024

Links to background information [Note on mobility beach mat tracking](#)

Link to [Council Plan](#)

Priorities (check which apply)

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

1.1 The Cabinet adopted draft revenue and capital budgets on the 3rd January 2024.

1.2 The budgets, associated service implications and Service Plans were then considered by:

- A joint meeting of the Overview and Scrutiny Committees on 11th January.
- The Housing Review Board considered the Housing Revenue Account (HRA) budgets on 25th January.
- Comment was also invited from the business community to the Council's draft budget proposals. No specific feedback was received in relation to the budget for members to consider at time of report writing.

1.3 This report follows on from the draft Revenue and Capital Budgets 2024/25 report presented to Cabinet on the 3rd January; this gave significant narrative on the budget proposals including the details presented in the budget book. For reference:

- The budget report can be found here, [Revenue and Capital Budget report 2024/25](#)
- the draft budget book here, [2024/25 Budget Book](#) , and
- the Service Plans here in the Scrutiny and Overview Agenda for 11th January 2024, [Service Plans 20024/25](#)

2. Update and Summary of recommendations to Cabinet.

- 2.1 The minutes of the joint meeting of the Overview and Scrutiny Committees on 11th January and the Housing Review Board meeting of 25th January are contained on this agenda.
- 2.2 The draft budget for the General Fund, Housing Revenue Account and Capital Programme were recommended by these Committees as those adopted by Cabinet on 3rd January with two proposed amendments:
- Both Overview and Scrutiny Committees requested that Cabinet considered including in the 2024/25 General Fund budget a sum to provide mobility beach track matting to additional beaches in the district and for details of costing and implications to be provided. A note has been provided linked to this paper, the amount required is £5k after relevant town councils' contributions, a lower sum than first considered. This is minor sum, and it is assumed Cabinet will support this request and can be matched by additional income from Business Rates which was reduced to balance off the provisional local finance settlement as reference in the budget report to Overview and Scrutiny.
 - Both Committees also asked Cabinet to consider a General Fund budget for Planning Appeals to allow the Council to be less risk adverse when wanting to defend appropriate planning decisions. Discussions with the Assistant Director Planning Strategy and Development Management and from analysis of the draft budget it is considered that initially £30k would be a sensible sum based on likely costs of defending an appeal and this can be created from existing proposed budgets in the service (legal and consultancy budgets). This will therefore have no overall impact on the overall draft budget and can be further refined for the following year.
- 2.3 The General Fund Net Expenditure in the proposed draft 2024/25 Budget was £23.413m, taking the above adjustments in 2.2 this increases the figure to £23.418m. This increase will be met by an increase in the Business Rates Uplift budget line resulting no overall effect to the draft budget position; giving a balanced budget with £500k being transferred to the General Fund Balance to mitigate the additional risks identified in the budget report to Cabinet on 3rd January (LED service payment and Recycling and Waste Contract).
- 2.4 The Housing Review Board proposed no amendments to the draft budget.
- 2.5 Following the draft budget report being considered by these meetings the Department for Levelling Up, Housing and Communities announced additional funding could be expected by Councils in the final settlement compared with the earlier provisional settlement. This is unusual to include additional funding in the final settlement, it normally remains within the same funding envelope. There has been significant lobbying, press reports and concerns raised on several fronts regarding the need for extra funding for local councils, this has been responded to in part.
- 2.6 We await the actual individual authority numbers which will be in the final settlement expected in the next few weeks, but we know the areas that are to be increased that affect us; an extra 1% uplift in the minimum funding grant and an increase of £15m to the Rural Services Delivery Grant. It is estimated this will increase our income by £164k, although we will need the final announcement to know exactly, the estimate is based on national figures proportioned down to us and its never that simple.

- 2.7 It is too late in our budget process to consider any detailed amended budget proposals; it is suggested once the final sum is determined that this is held in an unallocated budget to be allocated in year by Council based on priorities and pressures. This will increase The General Fund Net Expenditure for 2024/25 Budget by a further £164k to £23.582m to be balanced by additional government funding.

3. Council's Balances and Reserves

- 3.1 Details are contained in the draft Revenue and Capital Budgets 2024/25 report presented to Cabinet on the 3rd January.

4. The Prudential Code for Capital Finance in Local Authorities

- 4.1 The Prudential Code for Capital Finance in Local Authorities gives the requirement to report on a series of prudential indicators, which are designed to support and record local decision making. These indicators are required to be part of the Council's budget setting process and show the overall effect on various financing and borrowing strategies that the Council plans to adopt over the next three financial years. These indicators will be monitored and reported and when necessary updated to reflect any changes in policy.
- 4.2 This Council's prudential indicators are contained in the Treasury Management Strategy 2024/25 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy included on the agenda and reflect the proposals and details in this report.
- 4.3 Alongside the Treasury Management Strategy sits a requirement under the Prudential Code for the Council to adopt a Capital Strategy, this is also contained on this agenda for Members consideration.

Financial implications:

Details are contained in the report and in the Budget report presented to cabinet on 3rd January 2024.

Legal implications:

The requirements for budget setting and council tax are set out in statute and regulations which the finance team take account of in the preparation of the report. The duties of the Council's Section 151 Officer include the requirement to make recommendations to ensure that the Council maintains an adequate level of reserves, when considered alongside the risks the Council faces and the general economic outlook