

Report to: Cabinet



Date of Meeting 5 February 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Revenue and Capital Budgets 2025/26

Report summary:

Cabinet adopted draft Revenue and Capital Budgets for 2025/26 at its meeting on 8th January 2025. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 15th January and the Housing Review Board considered the Housing Revenue Account budget on 30th January.

The Overview and Scrutiny committees and the Housing Review Board proposed no amendment to the draft budget, the minutes of the meeting are contained on the agenda.

It is now for Cabinet to make their recommendations to Council.

The Local Government Finance Settlement was published on the 3rd February, the only change affecting us compared with the provisional settlement published just before Christmas is we now know the National Insurance grant/reimbursement sum for 2025/26. This does not meet the full cost we have estimated for increased national insurance contributions next year, with a shortfall in the General Fund of £324k required to be met from the General Balance and a £54k shortfall in the Housing Revenue Account which will reduce the contribution to be made to the HRA Balance to £0.196m (draft budget sum was £0.250m).

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 2025/26 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy, included the Capital Strategy to be recommended for adoption by Council.

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 2025/26 of £25.392m, requiring £0.394m to be met from the General Fund Balance.
2. A Council Tax increase is approved of £5 a year giving a Band D council tax of £171.78 a year for 2025/26.
3. That the Housing Revenue Account Estimates with a net budget of nil (total expenditure met by income) is approved with a 2.7% increase on Council dwellings rents.

4. That the Net Capital Budget totalling £31.223m for 2025/26 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 set a Council Tax for 2025/26.

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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. The Impact Assessment is contained in the report to Cabinet on 8th January.

Climate change Medium Impact

The budget approval gives the Council the resources necessary to undertake its business which will 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 including key actions identified in the Directorate Service Plans.

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 2025/26 budget report to Cabinet on 8th January 2025.

Links to background information

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ A supported and engaged community
- ☒ Carbon neutrality and ecological recovery

- ☒ Resilient economy that supports local business
 - ☒ Financially secure and improving quality of services
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1. Introduction.

- 1.1 The Cabinet adopted draft revenue and capital budgets on the 8th January 2025.
- 1.2 The budgets, associated service implications and Directorate Service Plans were then considered by:
- joint meetings of the Overview and Scrutiny Committees on 10th December and 15th January.
 - The Housing Review Board considered the Housing Revenue Account (HRA) budgets on 30th 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 2025/26 report presented to Cabinet on the 8th 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, [Draft Revenue and Capital Budgets 2025-26](#)
 - the draft budget book here, [budget book 2025-26](#),
 - the Fees and Charges Schedule (updated following comments at Overview & Scrutiny for typo errors and for additional narrative to be added) [Fees & Charges Schedule with proposed Charges 2025/26](#)
 - the Service Plans in the Scrutiny and Overview Agenda for 10th December 2024, [Service Plans](#)

2. Summary of recommendations to Cabinet.

- 2.1 The minutes of the joint meeting of the Overview and Scrutiny Committees on 15th January and the Housing Review Board meeting of 30th 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 8th January with no proposed amendments.
- 2.3 The Local Government Finance Settlement was published on the 3rd February, the only change affecting us compared with the provisional settlement published just before Christmas is we now know our National Insurance grant/reimbursement sum for 2025/26. This does not meet the full cost we have estimated for increased national insurance contributions next year, with a shortfall in the General Fund of £324k required to

be met from the General Balance and a £54k shortfall in the Housing Revenue Account which will reduce the contribution to be made the HRA Balance to £0.196m (draft budget sum was £0.250m).

- 2.4 It is proposed the draft 2025/26 budget as originally adopted by Cabinet on 8th January 2025, updated with the additional National Insurance Contribution costs not covered by grant, is now recommended to Council with the key elements being:
- A General Fund Net Expenditure Budget of £25.392m with a £5 a year increase in Council Tax giving a Band D council tax of £171.78 a year.
 - A Housing Revenue Account net budget of nil (total expenditure met by income) with a 2.7% increase on Council dwellings rents.
 - A Net Capital Budget totalling £31.223m.

3. Council's Balances and Reserves

- 3.1 Details are contained in the draft Revenue and Capital Budgets 2025/26 report presented to Cabinet on the 8th 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 2025/26 – 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 8th January 2025.

Legal implications:

The Council is legally required to set a balanced budget