EXECUTIVE **16 OCTOBER 2023**

SUBJECT:	**SETTING THE 2024/25 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY 2024/25 – 2028/29**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
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1. Purpose of Report

1.1 This report updates the Executive on the latest Medium Term Financial Strategy (MTFS) position for the Council, including; the challenges in preparing for the 2024/25 and future years budget, setting out the parameters within which the Council will prepare these budgets, and confirms the Council's approach to development of the budget and MTFS.

1.2 Included in the report is an update on the current economic position and developments in national policy, specifically the high level of uncertainty surrounding local government financing and national funding reforms. This, along with the unavoidable and escalating costs pressures, cost of living crisis and rising demand for Council services, will inform the development of the MTFS.

2. Executive Summary

2.1 The Council's Vision 2025 and five strategic priorities drive the medium-term financial planning process, with changes in resource allocation determined in accordance with policies and priorities. The MTFS provides the framework for the development of annual budgets in line with the aims of the Council's strategy and priorities.

2.2 The refreshed MTFS will include financial projections for the five-year financial planning period through to 2028/29. It will set out the financial parameters within which the Council is required to work and the recommended approach to addressing the financial challenges the Council faces to develop a balanced, sustainable, budget and set Council Tax and Housing Rents for 2024/25.

2.3 The refresh of MTFS needs to be seen in the context of significant financial uncertainty for the Council. Exceptional economic factors such as; the continued and sustained impact of rising inflation on the Council's pay bill and the cost of goods and services; rising interest rates increasing the cost of borrowing; and the increasing demand for key services as those more vulnerable in the city look to the Council for support as the cost-of-living crises impacts on households, continue to add significant cost pressures to the Council's budgets.

2.4 These pressures are on top of the continued reduction in core government funding over recent years and increased reliance on council tax for income, which creates a particular problem for places like Lincoln, with a predominantly low tax base.

2.5 Furthermore, there remains uncertainty around the level of funding for local government beyond the current Spending Review period, with significant reforms to funding mechanisms due to be implemented, along with likely reductions in public sector expenditure post the next General Election.

2.6 As a result of these factors, the Council, and local government as a whole, are yet again having to update their medium-term financial strategies in a very uncertain environment. It is a long time since the Council had any certainty during budget setting and 2024/25 looks set to continue this tradition, which makes financial planning, and the subsequent impact on service delivery, in this climate extremely challenging.

2.7 Against this backdrop of significant uncertainty and volatility, this report sets out the current financial planning assumptions that will form the basis of the MTFS refresh. However, due to the level of uncertainty it is difficult to make a full, definitive and comprehensive assessment of the ongoing financial impact of these issues. As such, the figures in this report are based upon best estimates and forecasts and will therefore be subject to change as the budget process develops. This medium-term financial planning process is though critical to ensuring that the Council has an understanding of the likely level of available resources and the potential costs of delivering services, identifying budget shortfalls at the earliest opportunity to ensure appropriate action can be taken in advance.

2.8 Based on the current financial planning assumptions it is estimated that the Council will need to make reductions in the annual net cost base of the General Fund of c£2m by 2026/27, if it is to remain sustainable in the medium term. The Council has a strong track record of managing it's finances, having delivered annual revenue reductions of over £10m over the last 10 years. But this is a significant amount in comparison to the General Fund budget and with each year the challenge gets much harder.

2.9 Now more than ever, careful and prudent financial management will be required to ensure that the Council maintains a robust and sustainable financial position and is able to respond to the impact of volatile external events and increased financial risks that it faces. The MTFS needs to remain flexible, the council's reserves resilient and the sound track record of delivering savings needs to be sustained, whilst ensuring that resources are directed towards Vision 2025.

3. Background

Economic Climate

3.1 The most recent major fiscal event was the Spring Budget in March 2023. There were few measures of any major impact on local government. The Chancellor set out policies designed to promote growth and to shore up the public finances. He provided further support to consumers and businesses for energy costs. He committed to the target of halving inflation by December 2023, which would likely entail further rises in interest rates, as has subsequently been the case. Since the Spring Budget the UK economy has continued to face a volatile and uncertain path.

3.2 The UK economy grew by 0.1% in quarter 1 and 0.2% in quarter 2 of 2023, and while concerns of a deep recession have largely gone away, there are still concerns over the economy's weak performance and renewed signs of stress. High interest rates, policy uncertainty before a general election and low productivity will likely act as a drag on economic growth, with latest forecasts showing little to no growth in the second half of the year. The latest forecasts are for growth at 0.4% in 2023 and 0.3% in 2024.

3.3 In September the Bank of England paused its run of consecutive interest rate rises, the first time in nearly two years. After 14 consecutive increases the rate, currently at 5.25%, is at its highest level for 15 years. While inflation is reducing, there does not yet appear to be any signs of interest rates starting to fall at the moment. With the Bank of England Governor stating that interest rates are close to their peak, but they may still have further to rise. Forecasters do not anticipate the Bank to start contemplating cuts until at least late 2024.

3.4 In terms of inflation, CPI fell to 10.5% in December 2022 and 10.1% in January 2023, down from the peak of 11.1% in November 2022 – the highest rate of increase in 41 years. However, in February 2023 CPI rose again to 10.4% and then in March fell back to 10.1%, illustrating the volatility that persists in the economy. Although CPI has dropped by 3.4% to it's current rate of 6.7% in August, it remains stubbornly high, with issues including strong pay growth meaning that it is not likely to return to the Government's target rate of 2% until early 2025.

3.5 Against this backdrop the Office of Budget Responsibility will be taking the latest economic data into account in its economic and fiscal forecasts to be published alongside the Autumn Statement on 22nd November. While there is some optimism with higher wages pushing up tax income, the higher than budgeted interest rates will have increased the cost of government borrowing although total borrowing is less than expected, creating some potential headroom for new spending pledges ahead of the upcoming general election.

Public Sector and Local Government

Public Sector Expenditure

3.6 After a period of one year funding settlements the Autumn Statement 2022 and 2023-2025 Policy Statement on Local Government Finance provided figures in sufficient detail to enable effective resource planning for local authorities for the next two-year period. The Finance Settlement also provided higher than expected grant funding for local government.

3.7 However, despite this additional resource, the Autumn Statement in particular revealed that much of the tougher decisions on reducing public sector had been shifted into the next Spending Review period, starting in 2025/26.

3.8 That is likely to be after the next general election and the task of making substantial reductions in public expenditure will therefore fall to the incoming government. There is no indication how much of any expenditure reductions will be targeted at local government but given the high level of the national savings requirement from 2025/26 onwards and given spending on the NHS is set to increase by 3% a year above inflation, and there are commitments on defence and development assistance, there is likely to be real-terms cuts to many other areas. The Office for Budget Responsibility has forecast real-terms cuts of almost 1% per year to other areas of spending given current plans. It would therefore be reasonable to assume that most parts of the public sector will be affected including local government. There is therefore a real risk of a new round of austerity.

3.9 Given local government bore the brunt of austerity in the 2010's (having faced a £15 billion real terms reduction to core government funding between 2010 and 2020), and whilst social care may offer some protection in the next Spending Review, it is unlikely local authorities will avoid the severe funding reductions that will be required as part of the wider need for spending restraint.

Local Government Funding

3.10 While future reductions in public sector expenditure have been put off until 2025/26, these are not the only items deferred until then. The Fair Funding Review of local government funding and the reset of the business rates baseline are also currently on hold until after the next general election. These are two fundamental reforms to the mechanisms of local government funding, which will have significant impacts on the level of resources for each local authority.

3.11 The history of these reforms goes back a number of years; in 2012, before the introduction of business rates retention, the Government promised a reset of accumulated business rates growth in 2020. In 2016, they promised a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils. In 2018, they published major consultation documents on all this, for implementation in 2020/21. Since then, implementation has been successively delayed primarily due to Covid19 and Brexit.

3.12 The Fairer Funding Review is expected to deliver both a new set of formulas for estimating the relative spending needs (the current formulas are based on spending needs from 2013/14) of different local authorities, and a more rational overall funding system that better takes into account spending needs and revenue-raising capacity. The Review should establish new baselines at the start of a reset to the Business Rates Retention scheme. Although previous technical consultations had been published, prior to the pandemic and current economic and cost of living crisis, which indicated a shift in resources from district councils towards statutory social services at county and unitary level, there has been no new consultation on any proposed new formula. Until further consultations are announced there remains significant uncertainty as to the direction and impacts of the Review.

3.13 A Business Rates Reset was also set to be introduced alongside the Fair Funding Review. A full business rate baseline reset of accumulated growth is expected to take place, with the intention of better reflecting how much local authorities are actually collecting in business rates. This reset has the effect of wiping out any business rate gains that individual authorities have built since the launch of the current system in 2013/14. This has significant financial implications for the majority of local authorities, for those below their baselines this would be a positive move, but it presents a serious threat to those with high growth above baselines, with a punitive, cliff-edge reset.

3.14 In announcing a 2023-2025 Policy Statement on Local Government Finance it was confirmed that these reforms will not be implemented in this Spending Review period, however the government remains committed to improving the local government finance landscape in the next Parliament.

3.15 At the earliest, implementation will now not be until 2025/26 or realistically, depending on the timing of the General Election and the appetite of the new government for reform, until perhaps 2026/27, just as the new round of austerity is likely to be impacting.

Local Government Financial Resilience

3.16 After a decade of austerity, budget pressures created as a result Covid19 and the current escalation in costs and demands arising from the economic and cost of living crisis, there are an unprecedented number of councils now in financial crisis. Section 114 notices (which give notice that a council cannot balance its budget), or the threat of them, are now becoming a regular occurrence of local authorities reaching the end of the road in terms of their financial position.

3.17 Council finances are in a critical state, since 2020, 16 councils have received exceptional financial support from the Government with 7 announced this year and 5 councils have issued at least one S114 notice, in some cases multiple notices have been issued.

3.18 While initially the reasons for the S114's were generally due to corporate budget failure and commercial decision making, there are now an increasing number of councils reporting in year overspends and significant budget gaps in future years as a result of inflation and demand outstripping the level of resources available to them.

3.19 Recent analysis by the Local Government Association has revealed that councils in England face a funding gap of almost £3billion over the next two years just to keep services standing still. Once increases in estimated core council funding are taken into account, the LGA estimates that councils need a further £2 billion in 2023/24 and £900 million in 2024/25 in order to deliver services at their current levels in each year. These funding gaps assume that all councils will increase their council tax rates in each year by the maximum allowed before a referendum is required.

3.20 The Chair of the LGA's Resources Board, said "Inflation, the National Living Wage, energy costs and ongoing increasing demand for services are all adding billions of extra costs onto councils just to keep services standing still. Councils' ability to mitigate these stark pressures are being continuously hampered by one-year funding settlements, one-off funding pots and uncertainty due to repeated delays to funding reforms. The Government needs to come up with a long-term plan to sufficiently fund local services. This must include greater funding certainty for councils through multi-year settlements and more clarity on financial reform so they can plan effectively, balance competing pressures across different service areas and maximise the impact of their spending."

3.21 In addition to the recent analysis by the LGA, the Institute for Fiscal Studies (IFS) recently published a report on the level of public funding each local authority area receives. The report found that while NHS funding broadly matched an areas' needs with cash, the local government funding regime has "broken down" and that what deprived areas currently receive from Government and Council Tax barely reflects needs.

3.22 With little prospect of any long-term funding reforms until after the general election and the likelihood of further reductions in public sector expenditure, many councils are left in a perilous state and will be faced with little option other than to issue a S114 notice. Whether additional, short-term, resource is announced as part of the Autumn Statement and/or Local Government Finance Settlement remains to be seen, but in most cases this will only bring a temporary reprieve until a longer term, more sustainable funding plan is in place to sufficiently fund local services.

4. Integrating Strategic, Service and Financial Planning

4.1 The Council's Vision 2025 and five strategic priorities drive the medium-term financial planning process, with changes in resource allocation determined in accordance with policies and priorities. The MTFS provides the framework for the development of annual budgets in line with the aims of the Council's Vision and priorities.

4.2 The MTFS is central to identifying the Council's financial capacity to deliver it's vision and strategic priorities, this requires a balance to be struck between the need to support the delivery of the vision with the need to maintain a sustainable financial position. This balance has become extremely difficult in recent years given the Council's financial position and a need to continue to reduce the net cost base. During the development of the MTFS striking this balance manifests itself in two main ways; it guides decision making in terms of proposals presented in order to achieve any savings targets; and it determines the allocation of resources towards strategic priority areas both in operational service delivery and project implementation.

4.3 The current strategic plan, Vision 2025, is supported by annual delivery plans, which set out the specific, new schemes, to be delivered each year to work towards the end goal of the Vision. These include a significant amount of new investment, primarily of a capital nature, aimed at supporting the economic prosperity of the City and which is largely funded through external grants. In addition, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of revenue schemes.

4.4 Updated delivery plans for the remaining period of the Vision up to 2025 have been reviewed and re-aligned to ensure they; remain deliverable in light of both the recruitment and retention challenges the council is currently experiencing; reflect current needs of the City's residents and businesses e.g. interventions in response to the cost-of-living crisis and reflect the economic factors on the viability and deliverability of projects. Critically though the delivery plans continue to recognise the need to reduce the Council's net cost base alongside the investment to support the priorities. The revised delivery plans are due to be launched in November 2023.

4.5 Despite the challenges posed to the Council's financial position it remains committed to seeking to deliver the schemes included in the delivery plans through to 2025. It will though, as set out further in this report, continually assess both revenue and capital schemes to ensure that they continue to represent value for money, remain affordable and explore opportunities for alternative funding.

5. Development of the Budget and MTFS

5.1 As set out throughout this report, councils continue to face escalating costs and rising demand for services. The Council's own financial position is no different to this; inflation, pay awards, construction costs and an increased demand on services driven in part by the cost-of-living crisis, all have a huge impact on the Council's cost base. Together they create a situation of the Council's cost base increasing a greater pace than the funding received from local taxation and Government funding.

5.2 These escalating costs are across a number of key areas of which the Council largely has no influence over, these affect both day to day services and capital investment schemes:

- Pay inflation - the proposed pay offer made by the National Employers side, whilst recognising the below inflation pay increases of local government workers in recent years, places a significant additional burden on local authorities. With proposed pay increases of 9.42% for the lowest paid grades this offer far outstrips the assumptions within the current MTFS.

- Contractual commitments - the Council has a number of key service contracts, for front line services e.g. waste collection, housing repairs, that are linked to annual contractual inflationary increases. Despite assumptions made in the current MTFS, with levels of CPI/RPI still at heightened levels and volatility in forecasting, increased costs of service contracts are still anticipated.

- Construction and capital costs – the cost of delivering building and maintenance schemes has escalated due to inflationary pressures borne by contractors as well as labour shortages, material shortages and supply chain issues. In addition, the cost of borrowing to fund capital schemes is also increasingly impacting on the affordability of projects.

5.3 In terms of service delivery, the Council is facing growing demands for some of it's key services as those more vulnerable in the city look to the council for support as the cost-of-living crisis hits household incomes. Due to Lincoln's specific set of local socio-economic factors this places a greater demand on key services and resource allocation than in most other places.

5.4 Whilst assumptions were made in the development of the current MTFS there is a requirement to refresh the MTFS in light of developments over the last 12 months and to address the impact the new and emerging challenges on the overall level of resources available to support the Council's budget, and to roll the strategy on for a further year so that it now incorporates the five years to 2028/29.

5.5 The financial assumptions on which to base the MTFS continue to be challenging to estimate with certainty. There continues to be a number of unknowns and key variables, which are currently difficult to predict and subject to constant change. These cover the variables such as inflation, interest rates, impact of continued cost of living pressure on income streams, growing service demands, the lack of certainty on future national funding reforms and the implications for public expenditure arising from the outcome of the next General Election. The tradition of budget setting amidst uncertainty looks set to continue for this refresh of the MTFS.

5.6 Against this backdrop of uncertainty, the development of the budget and MTFS, will include the preparation of indicative net base service budgets by the Directorates and Financial Services Team. When reviewing budgets officers will prepare these on an incremental basis and will update in accordance with the assumptions detailed in Appendix A and will highlight cost and demand pressures and potential mitigating actions.

5.7 At this stage in the development of the MTFS there are a number of emerging additional service and demand pressures that are likely to impact on future years budgets. Whilst it is the intention that any new service pressures identified which have not already been taken account of in the revised assumptions will, as much as possible need to be managed within existing base budgets, given the scale of some of these pressures these are unlikely to be mitigated in full through this process.

5.8 Alongside this the overall level of resources from Council Tax, Business Rates, Housing Rents, Government Grants etc will be estimated in line with the assumptions detailed in Appendix A.

<u>General Fund</u>

5.9 As referred to above the preparation of the base budgets and resource levels are based on a range of assumptions for key variables. The key changes to the assumptions (further detail of which are set out in Appendix A) for the General Fund, at this point in time, which will have a financial impact are set out below:

Figures in ( ) equate to a surplus	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £000**	**2027/28 £000**
Business Rates	(289)	(320)	(124)	(47)
Council Tax	(96)	(96)	(94)	(99)
Contractual Inflation	95	113	115	117
Utility Prices	(118)	(121)	(123)	(126)
Pay Inflation	553	543	553	566
Capital Financing/Treasury Mgmt	(72)	27	(28)	(26)
Service demands/ pressures (Temporary Accommodation)	250	400	400	400
Service demands/pressures (other)	To be determined as part of budget process			
Total Budget Pressures	**323**	**546**	**699**	**785**

5.10 Included in the above is an estimate of service demand/pressures in relation to the cost of the provision of and funding for temporary accommodation. Demand for temporary accommodation continues to increase due to rising cases presenting, this coupled with a shortage in the supply of suitable accommodation, pushes up the use, and cost, of bed and breakfast accommodation. Whilst the Council can reclaim an element of these costs through the housing subsidy system, the amount that can be reclaimed is limited to the local housing allowance (LHA) rate of £91.15 per week, regardless of the cost of the accommodation. LHA rates have been frozen since 2020, and are based on rents from 2018/19, therefore the gap between actual rents and the LHA rates is becoming wider and less reflective each year and leaves the Council in the position of having to 'make up' significant shortfalls between housing benefit subsidy and the cost of temporary accommodation. Combined together, this widening shortfall and increase in demand for temporary accommodation creates an increasing cost pressure for the Council. These demands are not expected to lessen over the period of the MTFS and unless there is a significant increase in appropriate accommodation then the Council will continue to experience this level of cost.

5.11 In addition, as set out above, as part of the development of the budget there will be further service demands and pressures that arise. Whilst the intention is to take appropriate mitigating action and contain service pressures within overall budgets, there will inevitably be some impact on the underlying budgets which will increase the overall level of budget pressures.

5.12 The total budget pressures set out in para 5.9 assume that the funding reforms to local government are implemented with effect from 2025/26, at which point the Council faces a cliff edge in terms of it's funding. There is however now a strong case for this to be delayed i.e. a general election, availability of post revaluation data etc. This would result in additional resources being available to the Council of c£1m-£1.9m through retained business rates and grant funding streams. These potential additional resources have a fundamental impact on the Council's financial position for 2025/26, impacting the above change in assumptions, as follows:

Figures in ( ) equate to a surplus	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £000**	**2027/28 £000**
Business Rates	(289)	(1,285)	(124)	(47)
Council Tax	(96)	(96)	(94)	(99)
Contractual Inflation	95	113	115	117
Utility Prices	(118)	(121)	(123)	(126)
Pay Inflation	553	543	553	566
Capital Financing/Treasury Mgmt	(72)	27	(28)	(26)
Service demands/ pressures (Temporary Accommodation)	250	400	400	400
Service demands/pressures (other)	To be determined as part of budget process			
Total Budget Implications	**323**	**(419)**	**699**	**785**

5.13 While the change in underlying assumptions above identifies that the General Fund is facing a further budget gap from 2024/25 onwards, the current MTFS was based on an existing savings target of £1.75m to be delivered by 2026/27. This target of £1.75m was phased over a 3-year period to provide a more manageable position over the two-year period to 2024/25, allowing sufficient capacity and time to deliver a savings programme of this scale. Work commenced during 2023/24 on delivering against these targets, progress as follows:

	2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
Savings Target MTFS 2023-28	500	1,000	1,750	1,750
Savings secured/business case approved	(120)	(122)	(124)	(127)
Savings subject to business case development	(181)	(188)	(192)	(199)
Balance of savings outstanding	**199**	**690**	**1,433**	**1,426**

In setting these savings targets in the current MTFS it was acknowledged that these were likely to change (positively or negatively) dependent on the timing of the next Spending Review/General Election, with potential for a further delay in the implementation of funding reforms and/or implementation of further public expenditure reductions.

5.14 The balance of these outstanding savings are still required to be delivered as part of the revised MTFS and are in addition to the budget pressures set above. Including the balance of outstanding savings will result in the following total budget gaps:

Scenario 1 (assumes funding reforms in 2025/26)

	2024/25 £'000	**2025/26 £'000**	**2026/27 £000**	**2027/28 £000**
Net overall budget pressure/ (surplus)	**522**	**1,236**	**2,132**	**2,221**

Scenario 2 (assumes funding reforms in 2026/27)

	2024/25 £'000	**2025/26 £'000**	**2026/27 £000**	**2027/28 £000**
Net overall budget pressure/ (surplus)	**522**	**271**	**2,132**	**2,221**

5.15 The lack of clarity around the future level of local government funding and uncertainty about the economic environment, and service/demand pressures, make it hard to be precise about future savings targets and the timing of them. What is certain is that the Council faces a growing financial challenge if it is to remain financially sustainable in the medium term. On the basis of scenario 1 the General Fund will be looking to identify and deliver savings of c£2m by 2026/27.

5.16 The timing of the national funding reforms and next Spending Review are critical to the 2025/26 position, the level of savings required in that year, and the overall timing and phasing of what is set to be a challenging savings programme. As there is a strong case that the funding reforms will be further delayed by one year the MTFS will be developed on the basis of scenario 2, (using the lower end of the range of potential additional resources of between £1m-£1.9m). While, on the basis of the forecast change in assumptions set out above, this reduces the level of savings programme required in the short term, this does not yet take into consideration any service cost/demand pressures that may arise from the budget process.

5.17 Due to the number or variables and unknowns, these assumptions and estimates above, will continue to be refined as part of the development of the budget with the final savings targets determined following the announcement of the Local Government Finance Settlement.

5.18 In terms of the overall savings target of c£2m, in the absence of additional, ongoing, funding from the Government, the Council is still in a position of having little choice but to face some difficult decisions about the size and scope of the essential services it provides. As set out in the current MTFS, delivering savings targets of this size must be set in the context of the Council having already delivered, over the last decade, annual revenue savings of nearly £10m. This is a significant amount in comparison to the net General Fund budget and with each year the challenge gets much harder.

5.19 The key mechanism for delivering the required budget savings is through the Towards Financial Sustainability (TFS) Programme, which seeks to bring net service costs in line with available funding. The programme focuses on both short term and longer-term sustainable options, which includes:

- Seeking opportunities to maximise our use of technology, embracing digital technology to improve service delivery across the organisation and instilling a website first culture, to make the council more efficient,
- Considering the benefits of increasing Council Tax in line with referendum limits, to protect service provision, whilst ensuring increases are kept at an acceptable level and that support is provided to the most vulnerable.
- Assessing opportunities to find alternative ways of providing services more efficiently and effectively by working jointly with partner organisations, such as other local councils, the voluntary sector, local businesses.
- Considering community asset transfer opportunities whereby our physical and natural assets can be transferred to voluntary & community groups and charities, bringing much needed resources to enhance and maintain those assets.
- Reviewing our financial support to third sector organisations to ensure resources are being effectively utilised for the benefit of our council tax payers.
- Seeking to generate additional income by reviewing our sales, fees and charges and ensuring that these reflect our increasing operating costs.
- Seeking to maximise income opportunities from our property investments.
- Maximise grant funding opportunities and prioritising capital investment in line with our capital strategy to reduce the revenue cost of borrowing. We also continue to review our treasury management and capital financing approaches to maximise benefits.

- Making the best use of our assets, developing multi-agency hubs where possible and ensuring those spaces are low carbon producers and sustainable.
- Continuing to use the Council's influence, and direct investment in the city (such as through; the Town Deal; the Council House New Build Programme; the UK Shared Prosperity Fund and Western Growth Corridor), to create the right conditions for the city's economy to recover and grow, leading to longer term increased revenue streams for the council.

However, not all of these options can be realised in the short term, nor will they deliver the total level of savings required. Ultimately the Council will need to review and revisit its investment priorities, beyond Vision 2025, and will be forced to look closely at the services it provides and may inevitably have to stop or reduce some of these in order to continue to deliver affordable and sustainable budgets.

5.20 Alongside the development of the TFS Programme, the Council will continue to lobby the Government and call upon them to increase local government funding in recognition of the unprecedented and unavoidable pressures that local government are facing. The Council will also support sector campaigns/lobbying regarding sustainable funding mechanisms and medium-term financial settlements for local government.

Housing Revenue Account

5.21 A key element of the HRA self-financing regime is the Council's 30-year Business Plan. The Council's latest Housing Revenue Account Business Plan, 2016-2046, was approved in February 2016 following a fundamental review of resources, investment requirements and priorities. Since adoption of the Plan, in 2016, a number of issues e.g. Covid19 and the current economic factors have had a fundamental impact on the way the Council delivers it's housing and landlord services and the underlying financial assumptions. In addition, the refreshed and repurposed strategic plan, Vision 2025, includes a much greater focus on health outcomes and the environment, with implications for the delivery of housing services. As a result, a fundamental re-write of the 30-year Plan to reflect the current operating and economic environment and to reflect the Councils current aims and ambitions in Vision 2025 has recently been undertaken and a new Business Plan will be presented to the Executive in November.

5.22 The revised MTFS for the HRA will be based on the revised financial assumptions (as outlined in Appendix A), along with updated development and investment profiles as set out in the refreshed Business Plan, along with any other emerging service pressures. The main changes to the assumptions for the HRA, at this point in time, which will have a financial impact are set out below, with further details provided in Appendix A:

Figures in ( ) equate to a surplus	2024/25 £’000	2025/26 £’000	2026/27 £000	2027/28 £000
Contractual Inflation	53	54	55	56
Utility Prices	(70)	(70)	(75)	(76)
Pay Inflation	385	386	392	395
Capital Financing/Treasury Management	(538)	(263)	(117)	(93)
Service demands/pressures	To be developed as part of budget process			
Total Budget Pressures/ (Surplus)	**(170)**	**107**	**255**	**282**

5.23 While the above table sets out the changes in key assumptions, the HRA is also facing a number of service demands and pressures. These are primarily arising due to the ongoing recruitment and retention challenges in the Housing Repairs Service (HRS), which is being felt not just by the council but across the construction industry as a whole. This inability to attract and retain staff results in a greater reliance on the use of sub-contractors to ensure that service demands are met. The cost of using subcontractors is however more expensive than the HRS’s own workforce, due to the ongoing impact of Covid19, the current inflationary crisis and a reduced pool of contractors from which to secure services. These additional costs are therefore not fully offset by the vacancy savings achieved by not carrying out the work internally. In addition, the HRA is currently experiencing an increase in the number of repair jobs which is also increasing costs. While work continues to reduce the impact of these issues on the HRA budget, i.e. through recruitment and retention strategies, some costs are rising significantly and are likely to remain at those levels without falling when the current economic pressures subside. Therefore, it is almost certain that additional budget provision will be required in the HRA for the rising cost of maintaining the housing stock, the estimate of this will be further developed as part of the budget process.

5.24 The most critical of the assumption uncertainties for the HRA is the level of housing rent increase to be applied and the potential implementation of a housing rent cap (further details are set out in Appendix A). The current MTFS assumes a rent increase of 5% in 2024/25 (on the basis of CPI at 4% as at September), followed by annual increases of 3%. Dependent on the level of CPI as at September and subject to any rent cap being imposed, the levels of additional rental income over a range of % increases would be as follows:

	2024/25 £’000	2025/26 £’000	2026/27 £000	2027/28 £000
6% rent increase in 2024/25	(322)	(330)	(339)	(347)
6.5% rent increase in 2024/25	(482)	(494)	(507)	(520)
7% rent increase in 2024/25	(643)	(660)	(676)	(694)

5.25 It is important to recognise that the income from housing rents does not just help fund the Housing Revenue Account, it is also required to fund the ongoing capital investment required in the housing stock. Similar to the revenue account, the capital programme faces increasing costs due to inflationary pressures, a reduction in available contractors, limited government funding to support investment such as environmental priorities and requirements such as carbon reduction measures to homes etc. Acknowledging the cost of living crisis and pressure on household incomes, it is important to maintain a careful balance between the level of housing rent applied against the level of resources required to resource the HRA and the capital investment required in the stock.

5.26 Whilst no details of a potential housing cap for 2024/25 have yet been realised, the Council maintains the position that rent decisions should be subject to local determination. Social housing landlords are best placed to make decisions about rent increases, reflecting the unique nature of each council's tenants, homes and financial strategies and housing business plans.

5.27 On the basis of the assumptions above, and without making provision for service demand pressures, a minimum rental increase of 6% in 2024/25 would be required in order to maintain a balanced budget in the HRA. Any increase below this level would create a budget gap for the HRA, and one that the Council will need to develop a response too. This will mirror the work being undertaken on the General Fund in reviewing the options to reduce the net cost base of the HRA, primarily though due to the nature of the HRA the reductions will be in the form of reduced contributions to the capital programme, with a consequent impact on the Housing Business Plan.

5.28 As per the General Fund, due to the number or variables and unknowns, the assumptions and estimates above, will continue to be refined as part of the development of the budget with the final rent proposal to be determined following as a result of this process.

Investment Programmes and Capital Strategy

5.29 The development of the General Investment Programme (GIP) for 2024-29 will focus on the affordability and delivery of schemes in Vision 2025 and essential investment in existing assets to either maintain service delivery or existing income streams. Due to a lack of available capital receipts and the lack of revenue resources to fund prudential borrowing (and the escalating cost of borrowing) it is essential that other sources of funding such as grant allocations and partner contributions continue to be sought.

5.30 External grant funding is enabling the delivery of a considerable number of capital schemes for the Council e.g. Lincoln Town Deal Programme, Heritage Lottery Fund for Re-imaging Greyfriars and Green Homes/Sustainable Warmth funding. The most significant of these schemes is the Town Deal Programme, Lincoln Towns Deal Board were successful in securing £19m of funding to support a number of projects to deliver long-term economic growth in the City. The majority of the schemes in this programme will be delivered by external organisations with the Council acting as the Accountable Body, there are however two schemes that the Council will directly deliver. In January 2023 it was announced that the Council had been successful in it's bid to secure £20m, through the Levelling Up Fund 2, to bring forward the delivery of a bridge to open the eastern access to the Western Growth Corridor site. This scheme is not yet fully included in the GIP as work continues on the viability and deliverability of the project, this will be subject to separate approval in early 2024.

5.31 The development of the Housing Investment Programme (HIP) for 2024-29 will be in accordance with the revised 30-year Housing Business Plan which has recently been produced. The focus over the next 5-years will remain on the two main high level areas of housing strategy and housing investment. In terms of housing strategy, the focus continues to be on maximising the use of 1-4-1 retained right to buy receipts, assessing the use of prudential borrowing (at an escalating cost) and seeking government grant funding for new build schemes or purchase & repair schemes that generate a positive net rental stream. In relation to housing investment the HIP will continue to focus on the allocation of resources to the key elements of decent homes (in line with stock condition surveys), supporting the new Lincoln Standard and improving the energy efficiency of the housing stock.

5.32 While the business plan sets out a comprehensive set of goals and objectives for the period 2023 to 2028. These objectives are all due to be delivered within five years and have been costed and will be provided for within the revised MTFS. Most of these changes will be small or medium in nature e.g. delivery of 50 additional homes etc. and will make impactful changes over a shorter period. However, the Business Plan also sets out a number of long-term goals of:

- Improving Core Housing Services
- Delivering New Homes
- Regenerating Neighbourhoods and Estates
- Reducing Carbon Emissions

With the exception of improving core housing services, actions taken to achieve the longer-term goals will require significant resources or operational changes and will take many years to plan and deliver e.g., deliver 1,500 additional homes over 30 years. Work will therefore continue on the development of these actions, with specific schemes bought forward for approval and inclusion in the MTFS at the appropriate time.

5.33 With inflationary pressures also affecting the construction costs, as well as the rising cost of borrowing, investment plans must be approached cautiously and allow for flexibility. All schemes across both the GIP and HIP, that have not yet started will be re-evaluated as they come forward for delivery. This will ensure that they still demonstrate value for money and remain affordable. Given the importance of investment in the City, to support the local economy, all opportunities to contain costs and/or seek alternative funding to ensure schemes are delivered will be undertaken.

5.34 The culmination of the above processes will result in a set of budget proposals, including revised savings target, that will deliver a balanced budget in line with the Council's strategic priority areas. This will then be subject to public consultation and Member engagement.

Consultation and Engagement

5.35 Local authorities have a statutory duty to consult externally on Council Tax setting. For consultation on the 2024/25 budget, proposals are being developed for consultation and engagement activities designed to gather feedback from residents and stakeholders in a meaningful way. These will take place following Executive in January 2024 and the timetable will allow for members to consider the feedback alongside budget scrutiny.

5.36 These engagement activities will provide an opportunity to explain to local residents the breadth of council services provided in the City raising awareness of how public money is spent by the Council. It will also provide information on financial challenges the Council is facing, explaining the proposed budget and seeking views on the proposed increase.

5.37 The engagement proposals include a mixture of broad public consultation and targeted activities.

5.38 A City wide survey will be available seeking residents views and priorities for spend which will be available to residents, visitors and stakeholders. This will be promoted to encourage responses from across the city and will also include access to the survey via QR codes in key locations.

5.39 The Lincoln Citizens Panel is currently under refresh and will form a key part of the budget consultation.

5.40 Proposals are also being developed to listen and hear the priorities of residents in Lincoln who maybe under represented or ‘hard to reach’. This would include a facilitated workshop with individuals with personal experience of the 9 protected characteristics along with representative agencies, charities or organisations supporting those with lived experience. Representatives from the Council would be involved in the conversations to explain, answer questions and listen to feedback. This workshop would be supported by an external facilitator experienced in working with individuals from a range of backgrounds.

5.41 The Council will also engage directly with key stakeholders, including the business community and local partners. Options are also being prepared for targeted engagement with young people living in the City.

5.42 Following the success in recent years of the all Member workshops and Budget Scrutiny process a similar process will be followed in early 2024 to ensure that all Members have the opportunity to consider and fully understand the proposed budget, MTFS and council tax recommendations and that a robust scrutiny of the proposals is undertaken.

5.43 A financial planning timetable to deliver a balanced and affordable five-year revenue budget strategy and capital programme, in line with Vision 2025, is attached at Appendix B.

6. Strategic Priorities

6.1 The Medium-Term Financial Strategy seeks to deliver the key priorities of the Council within the available level of resource, both revenue and capital.

7. Organisational Impacts

7.1 Finance

The financial implications are as set out in the report.

7.2 Legal Implications including Procurement Rules

Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform it's functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from the General Fund to the Collection Fund.

These proposals will eventually be referred to Council so that it can approve the budget and set the Council Tax, which it is required under statute to do so for 2024/25 by 11th March 2024.

7.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities.

This report provides a summary of the financial planning activities across the Council. As a consequence of the development of the MTFS and budget for 2024/25 there may be an impact on certain council services which will be subject to review through the Towards Financial Sustainability Programme. Where individual projects or reviews are being developed, specific equalities implications will be assessed and relevant impact assessments and/or statutory consultation with service users will be carried out accordingly. As the overarching strategic document, a separate equality impact assessment will not be undertaken for the MTFS 2024-2029.

7.4 Human Resources

There are staffing implications associated with the report, especially in relation to the Financial Services Team, where staff will be significantly involved in the preparation of the budgets and MTFS. This resource has been provided for within the Service Plan of the team.

Specific staffing implications may arise where certain Council services are subject to review through the Towards Financial Sustainability Programme. In such cases the Council's Management of Change Policy will be adhered to.

8. Risk Implications

8.1 There are significant, unprecedented risks to the Council's budget strategy, particularly in the short-term as a result of;

- The cost-of-living crisis giving rise to increased demand for Council services, particularly from those most vulnerable in the City.

- The impact of the cost-of-living crisis and economic climate on income streams as household/business incomes are squeezed.

- The uncertainty regarding the second two years of the current Spending Review period along with the uncertainty as to when the Fair Funding Review and Business Rates Reset will be implemented.

- Government intervention in Social Rents Policy, potentially imposing a cap on the level of annual rent increases and removing the ability for Councils to set rents in light of their local financial circumstances and housing business plans.

- The Government's future fiscal plans, and the overall trajectory for public sector expenditure beyond the next General Election

- The effect of the current economic climate on the Council's escalating costs, with further increases in inflation increasing service contracts, the costs of goods/materials/construction costs, and placing further pressures on pay settlements.

- Impact of variations to forecast interest rates, both in terms of investment returns and also on assumptions made on borrowing costs.

- The tendering of the key frontline services for Grounds Maintenance, Street Cleansing and Waste contracts and the potential increase in current service costs. This is compounded by the timings and cost implications of a range of Government policy initiatives in terms of waste and recycling arising from the Environment Act.

- The capacity and ability to continue to deliver a significant level of savings.

The budget process includes the recognition of these risks in determining the 2024/25 budget and MTFS, but it will be imperative that the Council continues to build upon its record of delivering significant savings and maintains a strong financial management discipline in order to ensure a sustainable financial position.

9. Recommendation

9.1 Executive are asked to;

a) Note the significant financial challenges and risks that the Council faces, particularly the unplanned, and unavoidable increasing cost pressures.

b) Note the projected budget parameters for 2024/25 and future years and note the planning assumptions, as set out in Appendix A.

c) Note the budget, strategic and service planning preparation programme, set out in Appendix B.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Two
List of Background Papers:	None
Lead Officer:	Jaclyn Gibson, Chief Finance Officer Jaclyn.gibson@lincoln.gov.uk

APPENDIX A

KEY BUDGET ASSUMPTIONS MTFS 2024 – 2029

1. The base budget estimates will be prepared on the basis of a number of key assumptions as follows;-

2. Business Rate Tax Base

2.1 The current Business Rates Retention scheme was introduced by the government in April 2013 and replaced an element of grant funding. The calculation of income to be received through the scheme is critical in determining the amount of resources that the Council will have available to fund local services.

2.2 Surplus position 2022/23

When forecasting the position on the Council's share of the Business Rates Collection Fund balance for 2022/23, a surplus of £0.675m was declared, on the basis of the in-year monitoring position and estimated appeals provisions at that point in time. By the time of closing the 2022/23 accounts the situation had increased the surplus by £0.038m. This increase in the surplus will be released to the General Fund in 2024/25.

2.3 In year position 2023/24

In relation to the business rate base for 2023/24 this was estimated to be £37.636m. Movements in this base are monitored on a monthly basis so that the Council has an early indication of any significant changes. As in previous years, there has been a significant reduction in the level of business rates payable in year primarily due to the Government extending the rate reliefs that were initially given to ratepayers to provide financial support during Covid19. Councils will be compensated through s.31 grant payments for this loss of income.

2.4 It should be noted that due to the varying nature of Government rate reliefs awarded since 2020/21, it is extremely difficult to make any meaningful comparisons between each year's collection rate. However, the collection rate as at August 2023 was 51.78%, which is 1.84% lower than at the same point in 2022. It is also evident that there are a higher number and value of businesses currently in arrears than at the same point in 2022. Unless the collection rate improves and arrears levels reduce by the end of the financial year, then it is likely that an increased contribution to the provision of bad debts will be required.

2.5 In addition to a loss of business rates payable through reliefs there also continues to be a reduction in rates payable in 2023/24 due to properties claiming empty property rate relief. However, in comparison to the previous year, empty property relief of £1.458m had been awarded as at August, the figure was £2.228m as at August 2022.

2.6 Despite the pressures on collection rates, as a result of the reduction in empty property relief and due to prudent assumptions made when setting the 2023/24 budget the levels of income currently forecasted from business rates remains largely in line with budget expectations, with the anticipation of a surplus on the in-year position.

2.7 The Council maintains a Business Rates Volatility Reserve to cushion the impact of fluctuations in retained income and collection fund deficits. The estimated available balance on the reserve is £0.916m. This reserve was increased as part of the last MTFS refresh in anticipation of the both the; 2023 revaluation and the uncertainty around future levels of appeals, and; the potential impact of the business rates reset in 2025/26. With no certainty as to the timing of the implementation of the reset, the level of the reserve will need to remain at this higher level.

2.8 2024/25 – 2028/29

As set out in the main body of this report a reset of business rate baselines, along with the Fairer Funding Review, will not now be implemented until 2025/26 at the earliest and potentially pushed back further until 2026/27. These changes, when implemented, will wipe out gains the Council has built up since the launch of the current system in 2013/14 and reset the level of assumed business rates to be collected and the level of underlying spending need of the Council.

2.9 The current MTFS was prepared on the basis of this full reset and subsequent loss of gains made from 2025/26. The delay in implementation by at least one further year will result in additional one-off resources in 2025/26. In addition, further gains as a result of the potential extension to pooling arrangements (as set out in the next paragraph) would generate further additional resources in 2025/26.

2.10 The Council is currently part of a Business Rates Pool for 2023/24 along with the County Council and the six other Lincolnshire District Councils. The benefit of pooling is that the authorities in the pool can be better off collectively through a reduction in the amount of levy paid to the Government. The arrangements for the current pool are that this retained levy is allocated 40% to the County Council and 60% allocated to the District Council that has generated the business rates growth. The current MTFS assumes that as a result of the business rates reset, that pooling would cease from 2025/26 onwards and no future gains beyond 2024/25 have been forecasted (the MTFS currently assumes a gain of £0.513m in 2024/25). The Government have recently sought proposals for business rate pools for 2024/25, with a deadline for responses of 10th October. Along with the other Lincolnshire Districts and County Council, the Council has undertaken an assessment of the implications of pooling and based on current estimates the Council will express an interest in continuing the current pool arrangements.

2.11 The level of outstanding appeals continues to create a high level of uncertainty both in respect of the checks, challenges and appeals from the 2017 ratings list, already lodged with Valuation Office, but also in relation checks, challenges and appeals following the 2023 revaluation. The Collection Fund is required to fully provide for the expected result of all appeals and using external assessments as to the likely level and value of these appeals. The current provision of outstanding appeals stands at £4.630m, of which the Council's share is £2.315m. In relation to the 2017 list, the last day on which ratepayers were able to initiate the appeal process was 31st March 2023, there should therefore be no further increase in this part of the provision. In addition to the backdated element of these appeals there is also an ongoing impact due to the reduction in the business rates base, which ultimately reduces the level of income to be retained in the future by the Council. The current MTFS assumes a £1.454m p.a. reduction in retained rates due to outstanding appeals. As this was for the new 2023 ratings list, this was based on national assumptions and local experience. This assessment will be reviewed as part of the MTFS development taking into consideration the level of checks, challenges and appeals received during the first year of the new ratings list. This will inform the overall level of resources for 2023/24 onwards.

2.12 When introducing a new ratings list, the Government's intention is that it should be revenue neutral within the business rates retention system (but losses to appeals will not be revenue neutral). For Revaluation 2023 (as for 2017) adjustments will be made to each authorities top/tariff amounts in order to offset any gain/loss from the rateable value change locally. For 2023/24 a provisional amount was calculated using 2021/22 data, however the final adjustment, which will be backdated to 2023/24 and used for future years, will be based on 2022/23 data. As a result of this the Council's tariff is set to reduce by £0.073m pa, increasing the resources available to the Council in comparison to the current MTFS assumptions.

2.13 In terms of annual business rates increases, these are set nationally by the Government and are usually increased in line with CPI as at September of the preceding year. In recent years the Government have intervened to either cap or freeze the level of annual increases. In these circumstances Councils have been compensated for loss of income up the level of CPI, with there being no consequent financial impact on Council's of the Governments intervention to cap/freeze the annual multiplier increases. The financial impact on Councils does however come from the rate of CPI as at September, as this will determine the increase in it's income levels, either through higher rates payable or through higher compensation. The current MTFS assumes that business rates for 2024/25 will increase by 5.5%, this is in line with the current levels of CPI forecasted, in the region of 5.5% to 6%, by the end of September 2023. Future years assumptions continue to be at 2% p.a. in line with the Government's target rate for inflation.

2.14 Beyond 2024/25 it becomes increasingly difficult to accurately estimate the level of business rates resources due to the number of uncertainties and variables around; the timing of the reset; the calculation of baseline need; and the assessment of the business rates baseline. This is in addition to the normal planning variables around the level of appeals; multiplier caps, and levels of growth/decline etc. Based on these changes in underlying assumptions as set out above, the estimated impact to the level of retained business rates is as follows:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Current MTFS 2023-28	(6,452)	(4,900)	(5,203)	(5,389)
Latest forecast	(6,740)	(5,220)	(5,328)	(5,435)
Change in resources	**(289)**	**(320)**	**(124)**	**(47)**

Any further delay of the reset and funding reforms, until 2026/27, could result in additional resources of c£0.965m in 2025/26, this assumes that there was no NNDR pool in that year, if pooling were also to be extended this could result in further additional resources of £0.590m in 2025/26.

3. Revenue Support Grant

3.1 The Council's Revenue Support Grant (RSG) was set to cease in 2024/25 at the end of the current spending review period. However, in the 2023/24 Finance Settlement a number of grants were rolled into RSG using their existing allocation methodology. For the Council this included the Local Council Tax Support Administration Subsidy grant, which was rolled in at £0.149m, taking total RSG to £0.175m. For 2024/25 the current MTFS assumes that RSG will be increased, in line with CPI, to 5.5% to £0.185m. Beyond 2024/25 it is assumed that only the element in relation to the rolled in grants will remain, at a level of £0.156m p.a. and that the original RSG element will be subsumed into the funding reforms.

3.2 Should the implementation of the proposed finance reforms be delayed to 2026/27, then it could be assumed additional RSG of c£0.030m would be receivable in 2025/26.

4. Council Tax

4.1 This increased importance of Council Tax, alongside Business Rates, as the principle means of raising revenue makes decisions taken in relation to the levels of Council Tax critical to the delivery of a sustainable MTFS.

4.2 Council Tax collection rates suffered as a result of Covid19 and whilst they began to show signs of improvement in early 2022, the current cost-of-living crisis is now having an impact. As at the end of August 2023 the collection rate was 42.23% which is 0.02% above the same point last year, although it is still 2.02% below the same point pre-Covid19. Support continues to be available through the Council's Local Council Tax Support Scheme and Council's Council Tax Hardship Fund. In addition, the Government allocated additional funding of £0.223m through the Council Tax Support Fund, for 2023/24, in order to provide additional support to the most vulnerable households.

4.3 Although the in-year collection rate has not yet returned to pre-covid levels, performance on the collection of arrears i.e. prior year balances, remains strong, with an overall reduction in the level of arrears during 2022/23.

4.4 The current collection rates assumed in the MTFS are set at 98.75% from 2024/25 onwards, this is an increase from the current rate of 98.25% assumed for 2023/24. Based on the performance of the both the in year and arrears collection rates it is still considered prudent to increase the overall collection rate by 0.5% back to 98.75%, in line with the current MTFS assumptions. This will however be kept under review.

4.5 In calculating the Council Tax base the overall yield is reduced by the estimated numbers of claimants entitled to support under the Council's Local Council Tax Support (LCTS) scheme and the eligibility criteria of the scheme. The more Council Tax support that is awarded the more the taxbase is reduced, limiting the ability to raise Council Tax.

4.6 Since the introduction of the scheme in 2013/14 the number of claimants had as at April 2020 decreased by over 20%. However, as a result of Covid19 and the impact on the economy and household's income, caseloads rose sharply in 2020 and 2021. The caseload then plateaued somewhat before beginning to fall and is now below pre-pandemic levels, this is much earlier than had been assumed in the current MTFS. However, with the ongoing cost of living pressures on residents there is the potential that the number of claimants may begin to increase again.

4.7 The current MTFS assumes a gradual reduction of 0.5% p.a. in claimant number over the period to 2026/27. Based on the latest caseload numbers and allowing for a caseload increase, due to cost of living pressures, in 2023/24, a reduction of 0.25% p.a. in claimant numbers will now be assumed.

4.8 At this stage in the development of the MTFS current entitlements under the LCTS Scheme are being reviewed with public consultation taking place during November/December. Any adjustments to the scheme or indeed to the Council Tax discretions that are applied will be reflected in the final MTFS following consultation and subsequent Executive approval. These are not yet included in the Council Tax modelling below.

4.9 The current MTFS assumes an annual increase in the council tax base of 1.25% as a result of new property development. Although housing delivery on the Western Growth Corridor development will soon commence, the majority of the development will be beyond the period of the current MTFS. The revised MTFS will therefore continue to be based on the assumption of growth of 1.25% p.a.

4.10 As part of the 2023/24 Finance Settlement the Government announced an increase in the Council Tax Referendum, allowing District Councils to increase Council Tax by the higher of 3% or £5. These Principles will also remain in place for 2024/25. The current MTFS was prepared on the basis of an increase of 2.90% in 2023/24, reverting to 1.90% p.a. from 2024/25 onwards. On the basis of the current financial pressures that the Council is facing, and line with the MTFS objective to maintain and grow the Council Tax base, whilst ensuring rate increases are kept at an acceptable level, the revised MTFS will now be prepared on the basis of a 2.90% increase for 2024/25. This will revert to 1.90% p.a. from 2025/26 onwards.

4.11 Based on the assumptions as set out above and using the latest Council Tax base position, estimated Council Tax yields are as follows:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Current MTFS 2023-28	(7,857)	(8,127)	(8,410)	(8,693)
Latest forecast	(7,953)	(8,224)	(8,504)	(8,793)
Change in resources	**(96)**	**(96)**	**(94)**	**(99)**

5. Other Government Grants

5.1 New Homes Bonus

Previously Government announced that a Spring 2020 consultation on the future of the New Homes Bonus scheme would be undertaken, stating that 'it is not clear that the NHB in its current form is focused on incentivising homes where they are needed most' and the consultation will 'include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance'. This consultation has subsequently been delayed a number of times with the latest announcement made as part of the Local Government Finance Policy Statement in 2023, which stated that the Government would set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement. The current MTFS does not assume any grant allocations beyond 2023/24 and will continue to be prepared on this basis until further clarity on the future of the grant is given.

5.2 Services Grant

This grant, previously announced as a one-off in 2022/23, remained in the Finance Settlement for 2023/24, with the Council's allocation of £0.154m. The grant is intended to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. Whilst no allocations for 2024/25 were made as part of the 2023/24 Finance Settlement, the MTFS currently assumes that the grant will remain at the current level for 2024/25 and thereafter. There are no changes to this current assumption.

5.3 Minimum Funding Guarantee

This new grant, announced for 2023/24, was intended to provide a funding floor for all local authorities, so that no local authority will see an increase in core spending power that is lower than 3%. The Council's allocation for 2023/24 was £0.321m. Whilst no allocations for 2024/25 were made as part of the 2023/24 Finance Settlement, the current MTFS assumes a grant allocation at the same level for 2024/25 but does not assume any grant allocation beyond this. There are no changes to this current assumption.

5.4 Should the implementation of the proposed finance reforms be delayed to 2026/27, then it could be assumed additional grant of c£0.321m would be receivable in 2025/26.

Housing Benefit Admin Grant

5.5 It continues to be difficult to forecast the likely level of future funding in respect of Housing Benefit Admin Grant due to the gradual and delayed roll out of Universal Credit (UC). The Council began roll out of the full service for UC in March 2018, in respect of new UC claims previously eligible for the six separate benefits. All new UC claimants have their housing cost element included in their monthly UC payment which is administered by the DWP, and as a result, they will not make a Housing Benefit claim but can still make a claim for Local Council Tax Support. The next stage requires the migration of all remaining existing claimants to full UC by the end of 2028. There is still much debate and decisions to be made by the Government as to what role local authorities will play in the longer term, but there is a commitment from the DWP to work with authorities until at least all of the working age claimants are transferred.

5.6 Although this commitment has been made the DWP have yet to announce a permanent funding model going forward and the Council continues to face the issue of one-year funding announcements, supplemented by New Burdens arrangements.

5.7 As there is no clear position on what future grant levels are likely to be, at this stage, the MTFS will be prepared on the basis of the current level of overall core grant funding, which may ultimately be received through a combination of Administration Grant and any New Burdens funding. Once the grant allocations are announced due regard will need to be taken of this in terms of the service planning for the revenues and benefits service.

5.8 Internal Drainage Board Levies Grant

A small number of Councils are required to make payments of Special Levies to Internal Drainage Boards (IDB's) for the specific use of managing the maintenance and operation of drainage, water levels and flood risk, which is required to manage water resources and reduce flood risk to people, businesses, communities and the environment. These Special Levies represent a significant proportion of the Councils' net budget at £1.082m p.a, equating to 14% of the Council Tax Requirement. The annual increase in levies is ordinarily in line with CPI projections, however due to the economic climate and the significant cost increases borne by the IDB's, inflationary increases ranging from 15% to 29% were applied for 2023/24. The Councils have no control over the sum levied.

5.9 This issue is unique to a small number of Councils and following a successful campaign of lobbing, Government made a one-off payment to those Councils significantly impacted in 2023/24 in recognition that Drainage Board costs had soared, resulting in increased levies. The Council's allocation for 2023/24 was £0.142m, which was roughly equivalent to the annual increase from the 2022/23 levies to 2023/24 levies.

5.10 Whilst this one-off payment from Government to mitigate the in-year impact was welcomed, the Councils are still seeking a longer term, more sustainable, approach to Drainage Board funding from Government that removes the need for Council subsidy. An application to create a Special Interest Group (SIG) through the Local Government Association has now been made and the Councils will continue to lobby to seek a revised approach to the funding mechanism. No grant beyond the 2023/24 allocation is currently included in the MTFS and this will remain the planning assumption.

6. Extended Producer Responsibility

6.1 Extended Producer Responsibility (EPR) is a scheme to require producers of packaging to pay for the cost of recycling that packaging and the Government's intention was to use the income from the scheme in the local government funding system, which would include reviewing the impact of this income on relative needs and resources of individual authorities. Local authority finances are affected by the policy in the following way:

- Companies above certain thresholds for size and generated packaging waste will have to pay a fee to a Scheme Administrator (yet to be set up but will initially be a public body). The Scheme Administrator will determine the fee schedule.

- The total collected fees (excluding the Scheme Administrator's own administrative fee) will be distributed to local authorities to compensate for net costs of their household and commonly binned waste services, including collection, disposal and recycling. These costs form the basis of the fee mechanism. The policy does not currently address the question of how any funding shortfall arising from non-collection of the fee would be addressed, but the fact that the fee will be applied to large producers makes collection potentially easier.

- Funding will be provided on the basis of the Scheme Administrator's assessment of what a 'net efficient cost' of providing the service is locally. The Scheme Administrator will assess the household and commonly binned packaging waste management costs, volumes and income (for example, through selling waste) by each relevant local authority. It will be able to take into account other factors (for example, frequency of collection, sparsity, types of households, deprivation and others). It will be up to the Scheme Administrator to devise this process and calculation model.

- The Scheme Administrator will have the power to assess the efficiency and effectiveness of local household and commonly binned packaging waste services, including activation of an improvement plan mechanism. Powers will be granted to penalize local authorities to the sum of up to 20% of their assessed 'net efficient costs'.

- This will be an annual process.

6.2 Funding for local authorities was originally intended to start in October 2024, but implementation of the scheme has been delayed, which means that this new income stream will now be introduced in October 2025. The Government has not yet set out how the introduction of this potentially significant funding will affect the wider local government finance system, i.e. importantly whether existing funding would be reduced to reflect that EPR is providing some funding for waste and recycling services, or whether the EPR funding would simply be additional. Earlier estimates suggested that the cost of providing the waste management service for relevant packaging could reach as much as £1 billion and, with this being an existing service, some sort of adjustment to other funds would be more likely than not.

6.3 While DLUCH had committed to provide clarity ahead of the 2024/25 Local Government Finance Settlement, this is now less likely to happen – especially as the Scheme Administrator will have an important part to play in the process and has not yet been set up, pending passage of the draft regulation. Until further details of the scheme are made available it is not possible to assess the implications for the Council. In addition there are a number of additional responsibilities for local authorities arising from the Environment Act which are likely to have interlinkages with any new funding allocated.

7. Inflation

7.1 The cost of inflation affects the price of the goods and services that the Council purchases. Many of the Council's service contracts are index linked to CPI, RPI or other industry standard indices, at a defined date in the year (specific dates vary between contracts). In addition, the general inflationary increase applied within the MTFS is normally maintained in line with CPI projections. As a result of the soaring inflation levels over the last twelve months, the Council has faced escalating costs of goods and services it purchases, whilst this was recognised and provided for in the current MTFS, inflation levels are still high and the Council is still experiencing cost increases.

7.2 CPI currently stands of 6.7% as at August 2023, down from 6.8% in July, but having dropped 3.4% in the past five months. The latest forecasts from the Bank of England are that inflation is expected to fall further to around 5% by the end of 2023 and fall further in 2024, reaching the Bank's 2% target rate by early 2025. It is expecting the rate to be below target in the medium term, with average inflation at 2.00% and 1.90% at two and three years respectively.

7.3 This huge spike in inflation during 2022/23 and 2023/24 has led to soaring costs for the Council's key service contracts, in particular Waste/Recycling, Street Cleansing and Grounds Maintenance. In addition, there are other contractual cost increases arising from existing/retendered contracts as well as significant increases in material and subcontractor costs, which is a particular issue for the HRA. Reflecting on these escalating costs the current MTFS assumes the following levels of inflation:

Inflation Point for contractual increases	**CPI**
Dec 23	4%
Mar 24	3%
Dec 24	2%
Mar 25	2%
Dec 25	2%
Mar 26	2%
Dec 26	2%
Mar 27	2%

Average Annual Increase	**CPI**	**RPI**
2024/25	3%	4%
2025/26	2%	3%
2026/27	2%	3%
2027/28	2%	3%

Whilst the forecasts from 2024 onwards are in line with the Bank of England's forecasts, the December 2023 CPI rate is estimated to be c1% higher than the current MTFS assumption. This will specifically have an impact on the cost of the Waste/Recycling, Street Cleansing and Grounds Maintenance contracts.

7.4 In addition to the inflationary increases already applied in 2023/24 and forecast in the MTFS, the HRA (through the Housing Repairs Service - HRS) is currently experiencing in-year cost increases in excess of the 7.5% applied for 2023/24 on material costs and sub-contractor costs. This will require an adjustment in the base budget for 2024/25.

7.5 The higher levels of CPI inflation forecast for December 2024 along with higher inflation rates on contract costs during 2023/24, will result in an estimated additional cost burden for the General Fund and Housing Revenue Account as follows:

	2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
General Fund	95	113	115	117
Housing Revenue Account	53	54	55	56

Work will continue as part of the development of the budget, particularly in relation to the inflationary costs in the HRS.

8. Utilities

8.1 The Council currently procures the majority of it's gas and electric supplies through a Framework Agreement, which brings with it the benefit of economies of scale. Historically the Council had benefited from significant cost savings with supply costs considerably below the wholesale market prices.

8.2 However, as a result of the sharp spike in energy prices the Council experienced substantial increases, during 2022 and 2023, in the cost of gas and electric. For gas, costs increased on average increase by 70% in April 2022 and by a further 180% in April 2023. For electricity, costs increased by 100% in October 2022, with a further increase of 15-20% expected from October 2023.

8.3 Beyond these increases, as a result of the downward trend of market prices, supply costs are expected to reduce by c20% for gas from April 2024 and c25-30% for electricity from October 2024.

8.4 On the basis of the latest forecast decrease in costs provided from the framework provider (as set out the above), the reduction costs for both gas and electric could be in the region of:

	2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
General Fund	(118)	(121)	(123)	(126)
Housing Revenue Account	(70)	(70)	(75)	(76)

Further updates are expected from the Framework provider in October 2023, which will inform the final estimates to be included in the MTFS. Due to the nature of the fluctuating costs, the above savings may not materialise in full.

9. Pay

9.1 In February, the National Employers for local government services put forward a pay offer to increase salaries by at least £1,925 for 2023/24. This equates to a 9.42% pay rise for the lowest-paid workers and a 3.88% increase for staff on higher salaries. This pay offer is applicable to all 'Green Book' and 'Red Book' employees with the exception of Chief Officers and Chief Executive's whose pay offer is an increase of 3.5%.

9.2 This pay offer has however been objected by each of the NJC Trade Unions, with some branches of UNISON and Unite voting to take strike action in support of an improved deal, in ballots carried out over the summer. The GMB is due to ballot members in some areas in September and October. Whilst strike plans are yet to be announced, union heads have said that they were committed to reaching a negotiated settlement.

9.3 The current MTFS assumed a pay increase of 3% for 2023/24 following a flat rate increase of £1,925 in 2022/23 and a further 3% in 2024/25. This then decreases to 2% pa from 2025/26 onwards. The proposed pay award by the National Employers is significantly in excess of these assumptions for 2023/24, with the majority of the council's workforce set to receive pay rises above 5%. Based on the latest pay offer, but still assuming a 3% pay award from 2023/24 and 2% p.a thereafter, the additional costs to the MTFS, over and above the budget assumptions are as follows:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
General Fund	553	543	553	566
HRA	385	386	392	395

9.4 In addition, the Council remains committed to paying its lowest paid workers at the level of the Living Wage, as recommended by the Living Wage Foundation as opposed to the Government's National Living Wage. An assumption of annual increases of 3%, in line with RPI projections, are currently built into the MTFS to reflect this commitment to maintain the Living Wage. The latest increase in the Living Wage Foundation has been announced at 10.1% from January 2023. These additional costs are included in the additional pay costs above. Beyond 2023/4, the annual increases will be assumed to be in line with RPI.

10. Local Government Pension Scheme

10.1 The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2022, and the results identified that there has been a significant improvement in the funding position since the last actuarial review from a 83.9% funding level to 92.7%. The improved funding position had a positive outcome on contribution rates, reducing secondary payments considerably. However, the cost of accruing future pensions had increased, particularly given the increase in inflation, and that drove up primary rates from 17.3% of pensionable pay to 23.4%. The increase in the primary contribution rates, for the existing staff establishment, is though offset by the reduction in secondary contribution rates, generating an overall reduction in costs which is reflected in the current MTFS,

10.2 A further actuarial review will take place in April 2025, which will inform the employer contributions from 2026/27 onwards. The MTFS will therefore continue to be prepared on this basis of no further increase/decreases in annual contributions rates, until next scheduled actuarial review.

11. Fees and Charges

11.1 Fees and charges income budgets are increased by a set percentage per annum based on their total yield. This increase does not preclude individual fees and charges being increased by more or less than this percentage.

11.2 As a result of the significant increased service operating costs that the Council experienced during 2022/23, a higher-than-average increase of 5% was applied across all fees and charges. Whilst this was higher than in previous year, it was significantly below the prevailing levels of inflation at that time. From 2024/25 onwards the current MTFS assumes an increase of 3% p.a. in the total yield from fees and charges. This assumption will remain in place for the revised MTFS period.

11.3 Although an average increase of 3% will be applied to income budgets, current economic conditions and cost of living pressures are impacting on income levels in some service areas. An assessment of each service's overall yields will be undertaken as part of the development of the budget to identify any specific pressures of this proposed increase.

12. Investment Interest and Borrowing Costs

12.1 As set out in the main body of the report, there has been rapid and significant increases in the Bank of England base rate and future forecasts, in an effort to curb the soaring levels of inflation.

12.2 The Council's sensitivity to these changes in interest rates is linked more markedly to investments rather than to the portfolio of borrowing as all borrowing is at fixed interest rates and borrowing costs incurred on any short-term borrowings are minimal. There will however be a revenue impact from future capital schemes where the borrowing requirements have not yet been financed and the viability of these schemes will continue to be assessed as they are developed.

12.3 Due to the current high levels of uncertainty surrounding interest rates and the assessing the impact on the council's investment income is extremely difficult, however based on the latest assumptions the latest forecasts in comparison to those assumed in the current MTFS, are as follows:

	2024/25	**2025/26**	**2026/27**	**2027/28**
Revised Average Investment Rate	4.15%	2.63%	2.51%	2.51%
Current MTFS	3.63%	2.69%	2.69%	2.69%
General Fund	**£'000**	**£'000**	**£'000**	**£'000**
Current MTFS	(170)	(157)	(112)	(104)
Revised interest	(263)	(151)	(140)	(131)
Change in resources	**(93)**	**6**	**(28)**	**(26)**
HRA	**£'000**	**£'000**	**£'000**	**£'000**
Current MTFS	(287)	(267)	(209)	(213)
Revised interest	(710)	(415)	(386)	(366)
Change in resources	**(423)**	**(148)**	**(177)**	**(153)**

12.4 As a result of the current high level of interest rates, internal balances are currently being used to fund existing borrowing requirements, reducing the amount of interest that would have been payable on new debt, although this is partially offset by a reduction in interest receivable. However, a new borrowing will still be required over the period of the MTFS and this will be at rates higher than previously budgeted. The latest forecasts for borrowing costs in comparison to those in the MTFS are as follows:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
General Fund				
Current MTFS 2023-2028	1,537	1,510	1,264	1,221
Latest forecast	1,558	1,531	1,264	1,221
Change in resources	**21**	**21**	**0**	**0**
HRA				
Current MTFS 2023-2028	2,437	2,377	2,377	2,304
Latest forecast	2,322	2,262	2,437	2,364
Change in resources	**(115)**	**(115)**	**60**	**60**

Work on assessing the impact on the Council's investments and future borrowing requirements will continue during the development of the budget.

13. Housing Rents

13.1 Historically, the Council has historically set rent in line with the Government's Rent Guidelines, to increase rents by CPI + 1% (CPI being as at September each year) for general purpose accommodation and also increase sheltered accommodation and affordable rents, by the same. For 2023/24, with CPI +1 % as at September 2022, this would have resulted in an increase in rents of 11.1%. In response to this the Government announced the introduction of a rent cap of 7% for 2023/24. Mindful of the need to balance the pressures that household incomes were facing, particularly the most vulnerable in our community, but at the same time recognising the economic and financial pressures that the HRA had in delivering services to its customers, the Council applied a lower increase of 6.5% to all rents.

13.2 Beyond this the current MTFS assumes a return to increases in line with CPI+1%, based on the following levels of CPI:

2024/25	2025/26	2026/27	2027/28
4%	2%	2%	2%

13.3 The applicable date of the CPI increase is as at September each year. Based on the current levels of CPI, 6.7% as at August, and an estimate of between 5.5-6% by the end of September, the maximum allowable rent (under Government Rent Guidelines) could be in the region of 6.5-7%. This would be in line with the rent cap imposed for 2023/24 and may therefore not result in any further caps becoming imposed by Government. As at the time of writing this report, there have been no further announcements from Government on any rent policy for 2024/25. The Government is also committed to reviewing social rent policy beyond 2025, via a separate consultation to be launched this year.

13.4 As the current MTFS is based on an increase of 5% for 2024/25, the impact of a potential increase of 6.5% and 7% in 2024/25 has been modelled, along with an option of 6%, as follows:

	2024/25 £'000	2025/26 £'000 CPI 2% + 1%	2026/27 £'000 CPI 2% + 1%	2026/27 £'000 CPI 2% + 1%
6% increase 24/25	(322)	(330)	(339)	(347)
6.5% increase 24/25	(482)	(494)	(507)	(520)
7% increase 24/25	(643)	(660)	(676)	(694)

This forecast is based on rent uplift only and does not model any changes in the assumptions on stock numbers due to RTB sales or acquisitions/new builds. At this stage in the development of the MTFS, the HRA budgets will be modelled on the basis of the three rent scenarios and the exiting MTFS assumptions. Future years increases will remain at the assumption of CPI at 2% p.a.

13.5 Included in the Council's housing stock are a number of properties that were partly funded by Homes England grants on the condition that they are to be let on the basis of an affordable rent rather than on social rents. In addition, there are a number of other dwellings that are let on the basis of an affordable rather than social rent. Affordable rents are not subject to Government Rent Restructuring Policies and are let at 80% of market rent levels in the local area. The current MTFS assumes rental increases in line with social rents for its affordable rents and will continue to be developed on this basis.

13.6 At the end of 2022/23 rent collection levels were at 99.91%, with overall rent arrears of 3.4% of the net debit. This outturn represented a significant achievement in terms of income collection considering the economic pressures tenants are facing. In monetary terms rent arrears at the end of the year was £1,031,048 compared to £1,042,419 at the end of March 2022, a reduction of £11,371. The in-year collection rate at the end of September 2023 was 97.24% compared to 97.69% at September 2022. Rent collection is closely monitored and Tenancy Services and the Sustainment Team continue to support tenants through DHP's and general advice and guidance. The current MTFS assumes a collection rate of 99% p.a., whilst at this stage this will remain the assumption, this will be considered further as part of the development of the MTFS, dependent on final level of rent increases.

14. **Level of Revenue Reserves -** The prudent minimum level of reserves for the General Fund has been increased in recent years, in light of the increased level of volatility in funding and the level of the increased risk to which the Council is now exposed, to between £1.5m-£2m. This increase has allowed the Council to cushion the impact inflationary pressures has had on it's finances and will continue to do so in future years, as well as now responding to increased service demands. Whilst the overall level of balances are budgeted to be maintained over the period of the MTFS there are planned use of balances in 2024/25 – 2026/27, with a positive contribution forecasted in 2027/28. In light of the changes in assumptions set out in this report the use of/contribution to balances will be assessed as part of the budget development. However, the overriding principle of maintaining a balance between £1.5m-£2m and seeking to make positive contribution in the medium term will remain. In terms of the HRA it is currently assumed that the optimum level of reserve holdings will be maintained at c£1m.

APPENDIX B

BUDGET AND FINANCIAL PLANNING TIMETABLE 2024/25

No.	Target Date	Group	Deliverable	Responsible Officer
1.	**Member Briefing Sessions**			
1.1	22nd Jan 24	All Members	All member workshop presenting the draft budget proposal for 2023/24 and Medium Term Financial Strategy 2024-2029.	CFO
2.	**Base Budget Preparation**			
2.1	29th Sept 23	AD's/ Service Managers	Budget guidance and working papers circulated to Assistant Directors and Service Managers for preparation of base budgets, including notification of Directorate Cash Limits.	Finance Team
2.2	27th Oct 23	AD's/ Service Managers	Completion of service cash limit budgets by budget managers.	Finance Team
2.3	10th Nov 23	DMT's	Review of summary cash limit budgets and appropriate revisions made with AD's and DMT's.	Finance Team
2.4	21st Nov 23	CMT	Review of summary cash limit budgets and consideration of unfunded budget items. Review of funding assumptions of capital programme.	FSM
2.5	28th Nov 23	CMT	Review of Fees & Charges Schedules for 2024/25	FSM
2.5	8th Dec 23	Financial Services	Completion of consolidated base budgets and capital programmes.	Finance Team
2.6	19th Dec 23	CMT	Review of draft budget proposals for 2024/25 and Medium Term Financial Strategy 2024-2029.	CFO
3.	**Service Planning Preparation**			
3.1	1st Aug 23	CMT	Corporate priorities reviewed in CMT for year ahead and remainder of Vision 2025 programme, derived from V2025, One Council priorities, service priorities and budget challenge.	CMT
3.2	21st Aug 23	Portfolio Holders	Key priorities agreed for year ahead and remainder of Vision 2025 programme	CX
3.3	31st Oct 23	Directorates	Directorates to identify local projects that need to be included without impacting the key corporate ones.	AD's

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No.	Target Date	Group	Deliverable	Responsible Officer
3.4	31st Oct 23	Portfolio Holders	Ensure that all PH's have signed up to their own sections in each service plan	Directors and AD's
3.5	31st Oct 23	DMT's	Draft service plans completed and signed off by Director.	AD's
3.6	Nov 23	CMT	Draft service plans reviewed for cross cutting projects and wider service implications	CMT
3.7	Dec 23	A/Wide or HUB	Service plans agreed in CMT and then published.	Corporate Policy
4.	**Consultation and Scrutiny**			
4.1	Jan-Feb 24 *– dates to be confirmed*	General Public Stakeholders	Budget consultation/engagement activities	CFO Corporate Policy
4.2	30th Jan 24	Audit Committee	Consider and review: • Prudential Indicators 2024/25-2027/27 • Treasury Management Strategy 2024/25 with responses to the Executive	FSM
4.3	31st Jan 24	Budget Scrutiny Review Group	Consider and review the draft budget proposal for 2024/25 and Medium Term Financial Strategy 2024-2029, making any recommendations to the Executive.	CFO
4.4	15th Feb 24	Performance Scrutiny Committee	Performance Scrutiny Committee – Consider response from Budget Review Group and refer to the Executive.	CFO
5.	**Committee Approval Process**			
5.1	16th Oct 23	Executive	Consideration of the budget strategy to be adopted for the 2024/25 process, including; • Update on economy and financial environment, • A revision of MTFS assumptions • Consultation proposals (both public and with Members)	CFO
5.2	11th Dec 23	Portfolio Holders	Assessment of Fees & Charges Schedules for 2024/25	FSM
5.3	2nd Jan 24	Executive	Approval of Council Tax Base for 2024/25, Council Tax Support Scheme 2024/25 and Estimated	FSM/HSRB

No.	Target Date	Group	Deliverable	Responsible Officer
			Collection Fund Balance for 2024/25 for Council Tax.	
5.4	2nd Jan 24	Portfolio Holders	Assessment of overall capital and revenue budgets	CFO
5.5	15th Jan 24	Executive	Approval of a draft budget proposal for 2024/25 and Medium Term Financial Strategy 2024-2029 for formal consultation.	CFO
5.6	15th Jan 24	Executive	Approval of Estimated Collection Fund Balance for 2023/24 for Business Rates.	FSM/HSRB
5.7	15th Jan 24	Executive	Consideration and recommendation to Council for approval of the Housing Rent Levels for 2024/25.	AD-H
5.8	16th Jan 24	Council	Approval of Council Tax Base for 2024/25 and Council Tax Support Scheme 2024/25.	FSM/HSRB
5.9	19th Feb 24	Executive	Approval for referral to Council of: • Final budget proposals for 2024/25 • Medium Term Financial Strategy 2024-2029 • Treasury Management Strategy 2024/25 & Prudential Indicators • Council Tax levels for 2024/25 • Fees and Charges levels for 2024/25	CFO
5.10	19th Feb 24	Council	Approval of the Housing Rent Levels for 2024/25.	AD-H
5.11	27th Feb 24	Council	Approval of; • Final budget proposals for 2024/25 • Medium Term Financial Strategy 2024-2029 • Treasury Management Strategy 2024/25 & Prudential Indicators • Council Tax levels for 2024/25 • Fees and Charges levels for 2024/25	CFO