

# HIGH PEAK BOROUGH COUNCIL

## Corporate Select Committee

5 February 2024

<b>TITLE:</b>	<b>2024/25 Budget &amp; Medium Term Financial Plan 2024/25 to 2027/28</b>
<b>PORTFOLIO HOLDER:</b>	<b>Cllr Alan Barrow – Executive Councillor for Finance &amp; Corporate Services</b>
<b>CONTACT OFFICERS:</b>	<b>Martin Owen – Executive Director (Finance and Customer services) Keith Pointon – Head of Finance</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

### Appendices Attached

- Appendix A (Medium Term Financial Plan 2024/25 to 2027/28)
- Appendix B (Capital Strategy 2024/25)
- Appendix C (Fees & Charges 2024/25)
- Appendix D (Procurement Forward Plan 2024/25)

### 1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2024/25, updated Medium-Term Financial Plan 2024/25 to 2027/28, Capital Strategy 2024/25, proposed Fees and Charges for 2024/25, and Procurement Forward Plan 2024/25.

### 2. Recommendation

- 2.1 That the Executive be recommended to make the following **recommendations** to Council:

- Approves the General Fund Budget for 2024/25 as detailed in Appendix A (section 8).
- Approves the revised Medium-Term Financial Plan (2024/25 to 2027/28) as detailed in Appendix A, including the revised Capital Programme (attached at Annex A).
- Approves the Capital Strategy 2024/25 as set out in Appendix B.
- Approves the proposed Fees and Charges for 2024/25 as detailed in Appendix C.

- Approves the proposed Procurement Forward Plan for 2024/25, providing the Authority to procure based on procurement activity detailed in Appendix D.
- Approves a Band D Council Tax of £217.68 for 2024/25 (an increase of £6.32 or 2.99% from 2023/24).
- HRA charges as follows:
  - All dwellings rents to increase by 7.7%, increasing the average rent from £77.78 to £84.09 per week (average rent takes into account new tenancies let over the previous year where the higher formula rent was charged. This gives an arithmetical increase of 8.01%)
  - Garage rents to be increased by 5% from £8.26 to £8.68 average per week.
  - Other Charges including service charges to increase by a maximum of 5%.
  - Fuel charges at individual blocks have been reviewed and the 2024/25 charge is based on the previous years usage and estimated costs, charged on an individual scheme basis.
- Notes the Chief Finance Officer's view that the level of reserves are adequate for the Council, based on this budget and the circumstances in place at the time of preparing it (Appendix A Annex C).

### 3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2024/25. The report also provides an update on the Council's medium-term financial position through to 2027/28. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2024/25, and details the Procurement Forward Plan 2024/25.
- 3.2 The budget setting and medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities. There are also risks around the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) which may have a detrimental impact on the future financial position.
- 3.3 The current four-year MTFP was updated in November 2023 to reflect further updated economic forecasts in order to begin to understand the medium term financial impact.
- 3.4 This version of the MTFP updates the scenario in the November forecasts, based on the provisional settlement information released in December, latest economic forecasts, and assumptions around the timing and level of capital and revenue expenditure and income.
- 3.5 The 2024/25 local government finance settlement confirmed the funding

available to the Authority in 2024/25, but it was another one-year settlement, which maintains a level of uncertainty in the Plan and makes medium term financial planning more difficult.

- 3.6 The Funding Guarantee Grant was extended into 2024/25 at an increased level of £860,690 but the Services Grant, introduced 2 years ago, has been scaled back from previous years to £15,060. The Council also receives an allocation of £114,200 in Revenue Support Grant. Aside from the Funding Guarantee Grant, which is assumed to taper off significantly over the later years, the plan assumes that these grants will be ongoing throughout the life of the MTFP.
- 3.7 Lastly, the Council has been awarded £125,960 in New Homes Bonus for 2024/25, significantly down on that received in 2023/24. The MTFP assumes a partial recovery in 2025/26 with a tapering of grant receipts in the following years of the plan.
- 3.8 In January the Government announced that extra local government support would be forthcoming in addition to that announced in the provisional settlement. At this stage no details are available as to the amount allocated to High Peak and as such none of this is included within the Plan
- 3.9 In terms of costs, the Council will incur costs higher than anticipated originally in setting the MTFP last year. The pay award for 2023/24 was implemented at £1,925 across all pay grades (an average of 6%) and is likely to be at least 3.5% next year. The current MTFP had anticipated a 4.0% pay increase for 23/24. General inflation is forecast to fall over the next year although the base remains at an inflated level.
- 3.10 This leaves a balanced 2024/25 budget on both the revenue and capital side, but with greater uncertainty and risk in the MTFP for future years. Particularly so as the outcomes from the Government's business rates review, fair funding review, or new homes bonus review remain unknown.
- 3.11 The new efficiency strategy put in place in February 2023 has been refreshed and incorporated into this MTFP: a total of £750,000 is included in the plan, profiled across: 2024/25 £150,000; 2025/26 £200,000; 2026/27 £200,000; 2027/28 £200,000.
- 3.12 The financial settlement allows for up to a 3% increase in Council Tax. It should be noted that Treasury's published figures do assume all Authorities maximise the increase. The way capping (or "referendum limits") works, if the maximum increase is not taken then that opportunity is lost forever (there is no opportunity to catch up in subsequent years). Having completed the annual budget exercise, a balanced budget for 2024/25 has been achieved. The final General Fund budget proposal for 2024/25 provides for a net budget of £13,883,770 and a Council Tax increase of £6.32 on a Band D equivalent property (2.99%).
- 3.13 A new financial year (2027/28) has been added to the MTFP and the overall financial assumptions have been updated for the four years. It must be emphasised that there is a great deal of uncertainty in regard to this position,

both from the uncertainty of outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) and the continuing effects of volatile levels of inflation, interest rates as well as geo-political influences.

- 3.14 The forecast predicts a balanced budget position by 2027/28 – on the basis that inflation and interest rates return to more normal levels and the Council can once again become self-sustainable (with minimal reliance on reserves) – albeit recognising the risks identified above.
- 3.15 The final HRA budget proposal for 2024/25 provides for a net budget of £17,336,290. This is based on a Council Dwelling Rent increase of 7.7%, which is the level at which the Government restricted the 2024/25 rent increase for existing tenants.
- 3.16 The Capital Strategy and the Capital Programme have been updated and allow for additional investment in priority areas. The Medium Term Financial Plan includes an updated General Fund Capital Programme of £38,312,460 over the period 2023/24 – 2027/28 and a HRA Capital Programme of £35,170,060 over the same period.
- 3.17 The Procurement Forward Plan sets out details of the expected activity during 2024/25.

#### **4. How this report links to Corporate Priorities**

- 4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

#### **5. Options and Analysis**

- 5.1 This report recommends a Council Tax level and associated budget, Medium Term Financial Plan, Capital Strategy (and future capital programme) and Fees & Charges for 2023/24 designed to best deliver the Council's corporate priorities within a balanced budget. Other options are feasible, but any alternatives would need to identify the service and financial implications robustly in order to satisfy the Council's Section 151 Officer (under the Local Government Finance Act 1988, section 114) of the need to deliver a balanced budget.

#### **6. Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)

None

- 6.2 Workforce

None

- 6.3 Equality and Diversity/Equality Impact Assessment

This report has been prepared in accordance with the Council's Equality and Diversity policies. An Equalities Impact Assessment (EIA) has been

undertaken on the Corporate Plan, which feeds into budget plans.

6.4 Financial Considerations

There are substantial financial considerations contained throughout the report.

6.5 Legal

The Local Government Act 2000 states that it is the responsibility of the full Council, on the recommendation of the executive, to approve the budget and related council tax demand. The Local Government Act 2003, section 25 requires the council's Section 151 officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. The Local Government Finance Act 1988, section 114 requires the Section 151 officer to report to all of the Authority's councillors if there is likely to be an unbalanced budget.

6.6 Sustainability

An earmarked reserve has been established to support with climate change related activities. Climate Change considerations are indirectly included in many aspects of the MTFP – including capital programme projects focused on Council buildings and vehicle purchases, as well as being a consideration in procurement activity reflected in the Forward Plan. These are highlighted, wherever possible, in the MTFP report itself.

6.7 Internal and External Consultation

The Council's budget plans have been subject to a consultation.

6.8 Risk Assessment

A full risk analysis has been undertaken which is contained within the plan.

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**Web Links and**

**Background Papers**

**Location**

**Contact details**

Various background working papers

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