

BUDGET & RESOURCES SCRUTINY COMMITTEE
JANUARY CHALLENGE MEETINGS 2024

ITEM 7:

**Draft Council Budget 2024/25 and Medium Term Financial Plan 2025/25
to 2027/28**

Annexes (A4 Pack)

Annex: E: 2024/25 – 2027/28 Forecasting Model

F: 2024/25 General fund Draft Budget Summary

G: 2024/25 Draft Parking Account

M: Legal Framework

	2024-25	2025-26	2026-27	2027-28
	£000's	£000's	£000's	£000's
Government Funding				
Core Government Grant	(135)	0	0	0
Business Rates Growth & Inflation	(6,821)	(2,000)	(2,000)	(2,000)
Business Rates Impact of Revaluation/Reset	0	(0)	13,642	0
Additional Social Care Funding (Autumn Statement)	(4,454)	0	0	0
New Homes Bonus - End of legacy payment	(458)	5,000	0	0
Other Grants Movements	82	0	0	0
Total Government Funding Adjustments	(11,786)	3,000	11,642	(2,000)
Local Funding Choices				
Council Tax -2.99% 23/24 - 24/25; 25/26+ 1.99%	(4,583)	(3,261)	(3,408)	(3,562)
Council Tax - adult social care precept 2% 23/24 - 24/25; 2	(3,066)	(1,639)	(1,713)	(1,790)
Council Tax - Long Term Empty impact	(478)	0	0	0
Council Tax Base uplift	(4,403)	(2,961)	(2,502)	(2,688)
	(12,530)	(7,861)	(7,623)	(8,040)
Estimated Variance in Resource Base	(24,316)	(4,862)	4,019	(10,040)
Inflation Assumptions				
Pay Inflation (4%,3%,3%,3%)	5,531	3,406	3,507	3,352
ER Pension Contribution -Revaluation	0	0	1,000	0
Contractual inflation - National Living Wage	7,070	2,288	2,418	2,550
Contractual Inflation - Other	5,571	2,363	2,261	2,342
Utilities	(74)	121	127	133
Insurance	210	73	75	78
Shared Service Partnership Indexation	58	60	62	0
Fees & Charges (9%/7%/2%/2%)	(732)	(167)	(171)	(174)
Other Forecasting Assumptions	36	37	38	39
Demand Budget Pressures				
Adult Social Care - Demographic/Cost pressures	5,750	3,155	2,989	2,947
Adult Social Care - Pressure Funded by additional Better C	600	0	0	0
Homelessness - Cost Pressure	1,469	430	415	434
Children's Social Care (Placements/emergency beds)	2,861	426	438	452
Home to School Transport - Demographic/Cost pressures	895	562	602	645
Environment & Property - Demographic/Cost pressures	3,186	768	797	826
Planning Income Loss	190	(30)	(210)	(450)
Finance & resources	428	0	0	0
Customer & Community	225	0	0	0
Law & Governance	25	0	0	0
Other Pressures	43	411	(90)	0
One Off Pressures (funded by reserves)	3,291	919	546	476

	2024-25	2025-26	2026-27	2027-28
	£000's	£000's	£000's	£000's
Political Priorities One Off Pressures	281	440	0	0
Corporate				
Capital Financing Costs	(4,918)	595	(362)	(603)
Levies	15	15	0	0
Recharges	127	0	0	0
Planned Changes ASC Contingency Budget	(913)	0	0	0
Planned Changes Contingency Budget	(278)	(150)	0	0
Transfer to/from reserves				
- Waste - Collection fund				
- Planned use of Collection Fund Cashflow Reserve	4,000	0	0	0
- Insurance Fund	300	0	0	0
- General Fund Reserve	(400)	0	0	0
- Tariff Risk Reserve	(580)	0	0	0
- Increase in Berevement Reserves	118	0	0	0
- NHB transferred to Capital Reserve	458	(5,000)	0	0
Total Pressures	34,843	10,722	14,443	13,047
Sum Required to Balance Budget	10,527	5,861	18,461	3,006
Treasury Management Investment Income	15	145	205	195
Reductions & Income Growth	(6,970)	(512)	(69)	0
Funding for one off pressures	(3,572)	(1,359)	(546)	(476)
Budget Gap Draft Budget	0	4,135	18,051	2,725
				24,912

2024/25 General Fund Draft Budget Summary

	2023/24 Budget £'000	Movements £'000	2024/25 Budget £'000
SERVICES:			
Adult Services	90,558	10,314	100,873
Public Health	(282)	0	(282)
Children's Services	47,559	5,461	53,020
Customer and Community Services	6,662	409	7,071
Planning & Placemaking	824	(263)	562
Environment and Property	75,753	1,562	77,315
Finance and Resources	19,962	6,809	26,772
Law & Governance	4,881	191	5,072
Debt Financing	2,827	(4,887)	(2,060)
Corporate Items (Contingency)	5,293	(285)	5,009
Corporate Items (ASC Contingency)	1,513	(913)	600
Corporate Items (Pay Inflation, other)	8,353	2,096	10,449
Total	263,903	20,497	284,400
Levies			560
Asset Management			(26,030)
Recharges to HRA			(2,857)
Total Expenditure			256,073
FUNDED BY:			
Revenue Support Grant			(7,177)
Retained Business Rates			(79,420)
Council Tax (including parish precepts)			(173,858)
Parish Precepts Paid			10,950
New Homes Bonus			(5,000)
Services Grant			(1,568)
Total Funding			(256,073)
Budget Gap			(0)

2024/25 Car Parking Surplus

Budgeted Income	-10,027,100
CMK Parking Management costs	2,063,690
Decriminalisation of Parking	15,000
Surveys and fees	15,000
Budgeted 2024/25 Car Parking Surplus	<u><u>-7,933,410</u></u>

Allowable notional spend of 2024/25 Car Parking Surplus - Section 55 1984 Road Traffic Act

Highways and Street lighting in on-street parking areas	323,000
Cleansing in on-street parking areas	1,400,000
Landscaping in on-street parking areas	42,000
Running costs of off-street car parks	1,236,491
Passenger Transport Team	251,486
Concessionary Fares	3,847,847
Bus Subsidies	1,292,493
Publicity	55,383
Other Passenger Transport Projects	272,050
Highway Improvement Design & Project Management	93,388
Sustainability funding for Highways Improvements Works	4,845,134
Environmental Improvements,	845,522
Total allowable expenditure of 2024/25 Car Parking Surplus	<u><u>14,504,794</u></u>

Funded from Car Parking Surplus	-7,933,410
Funded from General Fund	-6,571,384

Parking Reserve

Balance brought forward from 2022/23	-436,000
Off street parking maintenance (Newport Pagnell, Bletchley and Stony Stratford)	100,000
Parking surveys for moving traffic offences	100,000
Forecast carry forward into 24/25	<u><u>-236,000</u></u>

2024/25 REVENUE BUDGET AND COUNCIL TAX

THE LEGAL FRAMEWORK GOVERNING BUDGET DECISIONS

- 1) The Council is required to set a Council Tax for 2024/25 before 11 March 2024. It may not be set before all precepts have been issued or before 1 March 2024, whichever is the earlier, and the decision cannot be delegated to a committee or to Officers. Before setting the level of the tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimated to be brought forward from previous years, and any amounts required to be transferred between funds. The tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the consolidated revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.
- 2) In reaching decisions on these matters, Councillors are bound by the general principles of administrative law. Where there is discretion, it must not be abused or fettered. All relevant considerations must be taken into account and no irrelevant ones. Any decision made must be one that only a reasonable authority, properly directing itself, could have reached. Councillors must also balance the interests of service users against those who contribute to the Council's finances. The full resources available to the Council must be deployed to their best advantage and Councillors must act prudently and in a business-like manner at all times.
- 3) Among the relevant considerations, which Councillors must take into account in reaching their decisions are the advice of officers. In considering the advice of officers, and the weight to be attached to that advice, Councillors should have regard to the personal duties placed upon the Director of Finance and Resources, the Council's Section 151 Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Councillors may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities.
- 4) The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit (England) Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore Section 25 of the Local Government Act 2003 requires the Director of Finance and Resources to comment on the robustness of the budget estimates and the adequacy of reserves.

- 5) Councillors must also have regard to and be aware of the wider duties placed upon the Council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified within the Local Government and Housing Act 1989. The Local Government Act 2003 requires that the prudential borrowing limits are set by the Council having regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code ("the code"). This sets out a framework for self-regulation of capital spending, in effect allowing Councils to invest in capital projects without any limit, so long as they are affordable, prudent and sustainable. To facilitate this arrangement the code requires the Council to agree and monitor a number of prudential indicators.
- 6) Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Councillor with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Councillor concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting on the decision for that reason. The Councillor concerned must also, of course then abstain from voting. The application of Section 106 is very wide and there have already been several successful prosecutions under this legislation. It can include meetings held at any time during the year, not just the annual budget meeting, and it may include meetings of committees or subcommittees as well as Council meetings. Councillors should be aware that the responsibility for ensuring that they act within the law at all times rest solely with the individual Councillor concerned.
- 7) Having set a budget at the beginning of the year, the Council is also under a duty to monitor that budget during the course of the year and to take remedial action if at any time it appears likely that expenditure will exceed available resources. Councillors should also be aware of the duty of the Section 151 Officer under Section 114(3) of the 1988 Act to report to the Council if it appears that this will happen, and of the impact of Section 115(6) which prohibits any new agreement which would incur expenditure from being entered into following the issuing of such a report and pending its consideration by the Council. The Councillors of the Council, having received a Section 114 report are obliged to take all reasonable, practicable measures to bring the budget back into balance.
- 8) A Section 114 report can create great instability within an authority and can only be avoided by prudent budgeting and effective budgetary control. This adds emphasis to the need for an adequate contingency provision and a strong corporate commitment to holding chief officers accountable for containing expenditure within cash limits approved during the budget process.

- 9) Finally, Councillors are reminded of their fiduciary duty to weigh the needs of the interests of service users against those who contribute to the authority's funds, and to act prudently at all times. Lawful discretions must not be abused or fettered, and in reaching their decisions Councillors must take account of all relevant considerations, disregard irrelevant considerations, and not come to a decision which no reasonable authority could reach. Among the relevant considerations which Councillors must take into account are the views of commercial ratepayers which are set out in Appendix 10 of the report.
- 10) It is the duty of the Director of Finance and Resources as the Section 151 Officer to provide the relevant financial information, which is or ought to be available and advise on the financial prudence of options before Councillors, and Councillors must take account of such information and advice in reaching their decisions. However, officers are not permitted to second guess the wisdom of the Council's Policy or to substitute their judgement for that of Councillors. The Council is therefore free to take decisions which are at variance with the advice of those officers, providing there are reasonable grounds to do so.
- 11) The Director of Finance and Resources must consider whether in his view the Council has agreed a balanced budget which is capable of delivery taking all known factors into account. In the event that he considers this not to be the case, then he has a personal duty to indicate this by issuing the Council with a notice under Section 114.