

Item No	Referred from:	FINANCE, AUDIT & RISK COMMITTEE
5D	Date:	31 JANUARY 2024
	Title of item:	REVENUE BUDGET 2024/25
To be considered alongside agenda item:		10

The report considered by the Finance, Audit & Risk Committee at the meeting held on 31 January 2024 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 31st January, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDATION TO CABINET:

(1) That Cabinet approves the decrease in the 2023/24 working budget of £301k, as detailed in table 7.

That Cabinet recommends to Council that it:

(2) Notes the position on the Collection Fund and how it will be funded.

(3) Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.48 million is recommended.

(4) Notes the net revenue savings that are likely to be required in future years, combined with the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.

(5) Approves the revenue savings and investments as detailed in Appendix B.

(6) Approves a net expenditure budget of £20.265m, as detailed in Appendix C.

(7) Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.

REASON FOR RECOMMENDATIONS: To ensure that all relevant factors are considered in arriving at a budget and Council Tax level for 2024/25. To ensure that the budget is aligned to Council priorities for 2024/25 as set out in the Council Plan.

Audio recording – 47 minutes 42 seconds

The Service Director – Resources presented the report entitled 'Revenue Budget 2024-25' and highlighted that:

- Recommendations were made to Cabinet in December following Member workshops, regarding which proposals to take forward. This report provided more detail on the risks and consequences of these.
- The draft budget was reviewed by Cabinet in January and some additional details had been added to the capital report highlighted at 8.3 of the report. The majority of the additions were capital related, which had implications to the revenue budget, there were also some additional revenue items.

- There was an announcement last week about raising the core spending funding to 4% and this was noted at 8.5 of the addendum.
- The additional value of the core spending fund was still to be released but an assumption of £173K had been made whilst waiting for confirmation. It was hoped that this would be received in time for Full Council in February 2024.
- There was an estimated general funding forecast in Table 2, the details were our best estimates for future years.
- It was anticipated that in future years there would be less funding available and therefore the Council would come under greater financial pressure. The projections for the next five years were detailed in Appendix D.
- The impact of other sources of funding was highlighted in Table 3 and detailed how these would impact on the general fund. Specific reserves for funding various projects were shown in Table 4.
- The minimum level of the general balance was formulated from a percentage of net revenue expenditure, a percentage of budget income and specific risk as detailed at 8.20 of the report. Full details of specific risks and the risk level could be found in Appendix A.
- Table 7 detailed the updated budget position of 2023-24 as at the end of November.
- Careline had made a positive impact on the income of the Council.
- Parking income had reached a plateau and was not expected to recover to pre covid levels.
- The impact of the flow through form capital was detailed in paragraphs 8.24 and 8.25.
- A Section 25 Report was included as Appendix D, which included estimates and assumptions on items that affected the budget and their certainties.
- Appendix C showed the impact for future years and highlighted the level of savings that were likely to be required to achieve a balanced budget.

The following Members asked questions:

- Councillor Terry Hone
- Councillor Sean Nolan
- Independent Person John Cannon

In response to questions the Service Director – Resources stated:

- The services provided by Careline were fully funded by Herts County Council and their social care clients and by private clients.
- There was a zero cost to North Herts Council for Careline, and it was providing some contribution towards overheads.
- There were savings set out in the 2024-25 budget and Careline had been included in those savings. Looking forward to future years, work was ongoing on the funding gaps including any implications of the new waste contract and any inflation impacts.
- The new Leisure contractor had a structure that provided VAT and Business Rate efficiency (similar to the current contractor) and the impact of those efficiencies had been built into the contract price.
- The post May 2024 administration would need to work quickly to consider proposals that would need to be agreed for budget setting in February 2025 and to keep the Council in a sustainable position, which would involve difficult decisions.
- As part of the additional funding (4% Core Spending Power increase) there would be a requirement to provide a return to the Department for Levelling up, Housing and Communities on Council efficiency. The details of this were not yet known.
- The quarterly monitoring report detailed the impact of risks including those that did not have a notional allocation as part of the recommended minimum balance calculation. The year end monitoring report would highlight the actual results of the risks against the risk forecast.

- An adjustment for the recently approved Members Allowances Scheme would need to be provided for the Council version of this report.

Councillor Tom Plater proposed and Councillor Tamsin Thomas seconded and, following a vote, it was:

RESOLVED: That the Finance, Audit and Risk Committee provided comments on and recommended the Revenue Budget 2024/25 to Cabinet.

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