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| <b>Item No</b>                                 | <b>Referred from:</b> | <b>CABINET</b>                |
| <b>7A</b>                                      | <b>Date:</b>          | <b>6 FEBRUARY 2024</b>        |
|  | <b>Title of item:</b> | <b>REVENUE BUDGET 2024-25</b> |
| <b>To be considered alongside agenda item:</b> |                       | <b>8</b>                      |

The report considered by the Cabinet at the meeting held on 6 February 2024 can be viewed here: [Agenda for Cabinet on Tuesday, 6th February, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

**RECOMMENDED TO COUNCIL:**

- (1) To note the position on the Collection Fund and how it will be funded.
- (2) To note the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.48 million is recommended.
- (3) To note 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.
- (4) To approve the revenue savings and investments as detailed in Appendix B.
- (5) To approve a net expenditure budget of £20.365m, as detailed in Appendix C.
- (6) To approve a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.

**REASON FOR DECISION:** 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 – 35 minutes 43 seconds*

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been general discussion around:

- The maximum increase in Council Tax of 2.99% and that there had been an increase in core spending of 4%.
- The revenue areas that provided income received by Council, in particular around car parks.
- The provisions that would be required with the new leisure contract coming into force next year and whether the business rate efficiency was still in place.
- General financial risks for finance going beyond this year.

Councillor Elizabeth Dennis, as Chair, advised Members that a letter had been received from the Department for Levelling Up, Housing and Communities (DLUHC) requesting Councils to consider the following four main areas to address budget shortfalls:

- Transformation of services to make better use of resources.
- Opportunities to take advantage of advances in technology and to make better use of data to inform design making.
- Ways to reduce wasteful spend within systems including specific consideration on expenditure on consultants and discredited staff diversity and inclusion programmes.
- Barriers preventing activity the government could help to reduce or remove.

Ahead of presenting the 'Revenue Budget 2024/25' report, Councillor Ian Albert apologised to Members for inadvertently omitting the following recommendation from the 'Second Quarter Investment Strategy (Capital and Treasury) Review 2023-34' and advised that this recommendation would be covered at the meeting of Full Council on 29 February 2024:

- To seek Council approval that the capital allocation for Howard Park Kiosk be brought forward to 2023/24 to allow the work to be completed and the kiosk ready to open for the school Easter holidays.

Councillor Ian Albert, as Executive Member for Finance and IT, presented the report entitled 'Revenue Budget 2024/25' and advised that:

- This year the budget would be balanced using the Business Rate surpluses from previous years to allow the continued delivery of services whilst residents continued to try and recover from the cost of living crisis and may provide time to understand what the future funding from government would be.
- Feedback from the budget workshops held in November had been incorporated into the budget, as well as additional items details in the report.
- It was necessary to ensure the budget was in line with Council priorities and the Council Plan.
- The Council Delivery Plan for the coming year would be agreed at Cabinet in March.
- In recognising the pressure that the delivery of projects placed on staff proposed an addition to the budget of £100k to support the delivery of key projects over an 18 month period.
- The Council had the capacity to deliver a medium-term balanced budget, but there would be a need to act and make difficult decisions.
- The increase in Council Tax by the maximum allowed would provide the Council with the capacity to deliver the services that the residents of North Herts valued. It was also in line with the Medium Term Financial Strategy and what government would assume when setting funding in future years.
- The Section 25 report of the Chief Finance Officer highlighted risks and assumptions involved when setting the budget and was detailed in Appendix D.
- The recommendation on the minimum general fund balance was set out in paragraph 8.21 of the report.
- As an addition to Table 7 the Council were incurring costs in responding to the examination process for the expansion of Luton Airport. This would be met from the Transport Forum budget that was no longer needed and from some salary underspends.
- Impact on revenue from capital spend was set out in paragraphs 8.24-8.26 of the report which highlighted the need to keep the capital programme under review to reflect current plans.
- There was a slight amendment to the total next expenditure budget figure in recommendation 2.6 to £20,365 million from £20,265 million. This reflected the points raised earlier.

- Considering whether it was possible to respond to the County Council proposing to cut their Councillor locality budgets.

In response to a question from Councillor Elizabeth Dennis, the Managing Director advised that it was not clear yet whether extra resources would be required to comply with the four areas set out in the letter from DLUHC.

The following Members took part in debate:

- Councillor Alistair Willoughby
- Councillor Elizabeth Dennis
- Councillor Amy Allen
- Councillor Steve Jarvis

Points raised in the debate included:

- The finance team had worked incredibly hard under stress of financial pressures to compile a balanced budget which would continue to add value and support across the district.
- It was unclear how the Council would meet the requirements set out in the letter from DLUHC as the Council already provided the services the residents of North Herts valued and deserved and the Council performed as well as it could under financial restraints.

Councillor Elizabeth Dennis, as Chair, wanted to thank and record the hard work and support that the Deputy Executive Members provided to their Executive Members throughout the year, which enabled Executive Members to produce the work that was expected of them.

Councillor Ian Albert proposed and Councillor Alistair Willoughby seconded and, following a vote, it was:

**RESOLVED:** That Cabinet approved the decrease in the 2023/24 working budget of £301k, as detailed in table 7.

**RECOMMENDED TO COUNCIL:**

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- (3) To note 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.
- (4) To approve the revenue savings and investments as detailed in Appendix B.
- (5) To approve a net expenditure budget of £20.365m, as detailed in Appendix C.
- (6) To approve 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.