

Report for: Adults and Health Scrutiny Panel, 12 December 2023

Item number: 7

Title: Scrutiny of the 2024/25 Draft Budget and 5 Year Medium Term Financial Strategy 2024/2029

Report authorised by: Jon Warlow, Director of Finance and Section 151 Officer

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

Ward(s) affected: All

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

- 1.1 To consider and comment on the Council's 2024/25 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2024/2029 proposals relating to the Scrutiny Panels' remit.

2. Recommendations

- 2.1 That the Panels consider and provide recommendations to Overview and Scrutiny Committee (OSC), on the Council's 2024/25 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2024/2029 proposals relating to the Scrutiny Panels' remit.

3. Background information

- 3.1 The Council's Overview and Scrutiny Procedure Rules (Constitution, Part 4, Section G) state: "The Overview and Scrutiny Committee shall undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol covering the Overview and Scrutiny Committee".
- 3.2 Also laid out in this section is that "the Chair of the Budget Scrutiny Review process will be drawn from among the opposition party Councillors sitting on the Overview and Scrutiny Committee. The Overview and Scrutiny Committee shall not be able to change the appointed Chair unless there is a vote of no confidence as outlined in Article 6.5 of the Constitution".

4. Overview and Scrutiny Protocol

- 4.1 The Overview and Scrutiny Protocol lays out the process of Budget Scrutiny and includes the following points:

- a. The budget shall be scrutinised by each Scrutiny Review Panel, in their respective areas. Their recommendations shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC.
- b. A lead OSC member from the largest opposition group shall be responsible for the co-ordination of the Budget Scrutiny process and recommendations made by respective Scrutiny Review Panels relating to the budget.
- c. Overseen by the lead member referred to in paragraph 4.1.b, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the Draft Budget/MTFS. Each Panel shall consider the proposals in this report, for their respective areas. The Scrutiny Review Panels may request that the Cabinet Member for Finance and/or Senior Officers attend these meetings to answer questions.
- d. Each Scrutiny Review Panel shall submit their final budget scrutiny report to the OSC meeting on 19th January 2023 containing their recommendations/proposals in respect of the budget for ratification by the OSC.
- e. The recommendations from the Budget Scrutiny process, ratified by the OSC, shall be fed back to Cabinet. As part of the budget setting process, the Cabinet will clearly set out its response to the recommendations/proposals made by the OSC in relation to the budget.

5. 2024/25 Draft Budget and MTFS 2024/29 – Key Messages from report considered by Cabinet on 5/12/2023

Introduction / Background

- 5.1 This sets out details of the draft General Fund (GF) Budget for 2024/25; the Medium Term Financial Strategy (MTFS) 2024/29; the draft HRA Budget 2024/25 and it's draft Business Plan including estimated income (funding) and expenditure adjustments, as well as the draft capital programmes for both funds.

General Fund Revenue Budget

- 5.2 As Members will know, the financial situation for local authorities is as difficult at this time as perhaps it has ever been, as evidenced by the increasing number of authorities who are needing, or near to issuing, a Section 114 statement regarding their inability to set a legal budget. This is the backdrop to our budgetary process for the coming year.
- 5.3 This Council, like most if not all others, is finding it extremely challenging to meet its legal obligation to put forward a balanced budget for next year. As such, the draft Budget as framed in this report at this time has not yet achieved that objective. Even after budget savings and other management actions identified through this budget round of £11m, the 2024/25 draft Budget gap in this report is £16.3m, significantly worse than the £6.3m estimated in the Budget/MTFS report from March 2023.

- 5.4 There needs to be considerable further work undertaken between now and the issue of its second and final Budget report in February 2024 which must and will present a balanced Budget to be agreed. This final Budget report will include the outcomes for the Council of a number of important developments which have yet to play out. Government announcements on 2024/25 funding for local government will not take place until after this December report is finalised and with all parts of the public sector looking for additional resources, this Council cannot rely on assumptions about any significant new funding being allocated to the sector.
- 5.5 Therefore, while this year's Budget consultation process will include budget policy changes described in this report, it must be recognised that there will be significant additional proposals included in the February Budget report.
- 5.6 Conditions in the national economy have had a more significant impact on expenditure than had been assumed when the March budget was set. Inflation has remained higher for longer than expected and the Bank of England has continued to increase interest rates in an attempt to offset this.
- 5.7 These in turn have impacted negatively on the costs of critical services, notably social care, and more costly mortgages have seen landlords leaving the buy to let market, reducing the supply of Temporary Accommodation and driving up costs.
- 5.8 High interest rates have also placed pressure on the funding of the Council's capital programme and are influencing decisions on any changes and additions for the forthcoming year. Although the inflation rate fell sharply in October to its lowest rate in two years (4.6%), this was largely due to energy prices and much of the inflationary costs associated with care services will be driven by wage increases which are likely to take longer to reduce. Furthermore, the supply chain not only for temporary accommodation but also notably for children's social care, is extremely tight leading to above inflation cost rises.
- 5.9 All these factors are driving the need for growth in Directorate budgets, predominately in the three demand led services, as evidenced by the current year's Qtr2 forecast overspend of £20.8m. This has had to be acknowledged in the preparation of the draft Budget for 2024/25, leading to a much higher budget requirement than we forecast in March.
- 5.10 In response to these economic factors, £25.5m growth has been built into this draft Budget solely for the demand led services: £20.4m for Adult social care; £3.0m for Temporary Accommodation and £2.1m for Children's.

General Fund Capital Programme

- 5.11 Investment in capital expenditure can support the Council to deliver on key priorities and can support the delivery of permanent revenue savings. However, in the current financial climate, it is more important than ever that

the Council ensures that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable.

- 5.12 The current economic environment has also had major implications for the existing and future GF Capital Programme. Borrowing costs have increased and inflation has impacted the cost of raw materials and the tightness in the supply chain for capital works (labour and materials) has added both cost and time to schemes.
- 5.13 In response, the Council has undertaken a fundamental review of the existing capital programme, removing or deferring a number of schemes. A robust approach has been taken to the inclusion of any new proposed investment.
- 5.14 The impact of this rigour can be seen when comparing the latest capital programme projection to 2027/28 (£612m) with that in the agreed in March 2023 (£1,008m), a reduction of £396m.
- 5.15 The draft General Fund Capital Programme presented here totals £155.9m for 2024/25 and, while some schemes have been deferred, the Council has prioritised investment in the following:
- The Schools estate – to address identified health and safety issues
 - Leisure facilities – to increase usage and reduce carbon emissions
 - Parks - creating new biodiversity areas, tree planting, activity areas and active travel options in and around our parks.
 - Street lighting and borough roads – to deliver transport infrastructure that is safe and supports active travel options
- 5.16 Given the extent of the financial challenge still facing the authority, inevitably the draft capital programme set out in this report must continue to be under review before the final Budget/MTFS can be agreed in March.

HRA

- 5.17 The prevailing economic situation is also forecast to impact on the current HRA financial plan with increases in energy costs, inflation and interest rate rises presenting a level of challenge and difficulty in delivering the capital programmes now and the viability of our HRA in the medium to long-term.
- 5.18 To be able to invest in the management and maintenance of our homes and maintain the long-term sustainability of the HRA, the Council has reviewed its charges to tenants.
- 5.19 The draft Plans now presented, despite the forecasted challenges, maintain an adequate annual surplus providing an appropriate level of in-year financial cover.
- 5.20 The new HRA capital plan places a strong emphasis on meeting the needs of the existing tenants and addressing the condition of the existing stock. It also focuses on the delivery of new homes, renewal of the Broadwater Farm (“BWF”) estate, carbon reduction in existing stock, and fire safety of the entire

stock. Capital investment for 2024/25 alone is £238m and is geared towards maximising the use of other available resources and use of borrowing as last resort.

Dedicated Schools Budget

- 5.21 For schools, the indicative Dedicated Schools Budget (DSB) funding, which is ring fenced for the delivery of education services, is also outlined.
- 5.22 Overall, Haringey's provisional National Funding Formula (NFF) allocation for 2024/25 is an increase of 0.81% excluding rolled in grants equivalent to £2.20m. The actual grant level is dependent on updated pupil census numbers and the final schools finance settlement which is due after the publication of this report.
- 5.23 In March 2023, Haringey was successful in joining the Department for Education (DfE) Safety Valve Programme, which targets local authorities with the highest DSG deficits to identify plans to bring spend more in line with agreed budgets over the short to medium term, in return for support to deal with historic deficits. This plan is being monitored via the quarterly finance update reports. The draft budget plans contained in this report are in line with the expectations of the Safety Valve programme.

Statutory Officers comments - Director of Finance

- 5.24 The financial planning process ensures that the Council's finances align to the delivery of the Council's priorities and the administration's manifesto commitments in the medium term. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.
- 5.25 Ensuring the robustness of the Council's 2024/25 budget and its MTFS 2024/25 – 2028/29 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.
- 5.26 Even after budget savings and other management actions identified through this budget round of £11.2m, the 2024/25 draft Budget gap in this report is c £16.3m, significantly worse than the £6.3m estimated in the Budget/MTFS report from March 2023. This is an exceptional and concerning position to be in, particularly this late in the annual process. This position reflects the difficult financial situation local authorities are facing, as evidenced by the increasing number of authorities who are needing, or near to issuing a Section 114 statement regarding their inability to set a legal budget. The Council's reserves position is also lower than average for a council of this size and a medium to long term objective should be to improve on this and increase our financial resilience.
- 5.27 The Council continues to experience the impact of the conditions in the national economy and post pandemic environment. Inflation and cost of living remains high, costs of critical services increasing (particularly in care) and

costly mortgages are driving up costs of Temporary Accommodation. High interest rates have also placed pressure on the funding of the Council's capital programme. All these factors are driving the need for £25.5m growth in Directorate budgets, predominately in the three demand led services, Adults, Children's and Temporary Accommodation. The impact on expenditure in these services is greater than assumed when the March budget was set and so the Council is finding it extremely challenging to meet its legal obligation to put forward a balanced budget for 2024/25 at this time.

- 5.28 Further substantial work must be conducted between now and the issuing of the final Budget report in February 2024 to identify realistic and deliverable proposals to present a balanced Budget to be agreed.
- 5.29 At the time of writing this report, the Autumn Budget Statement has just been announced and it has not been possible to incorporate any detailed implications but it would appear that it will not have any major overall impact on the estimates included in this draft Budget. Further Government announcements on 2024/25 funding for local government will not take place until after this December report is finalised and with all parts of the public sector looking for additional resources, this Council cannot rely on assumptions about any significant new funding being allocated to the sector.
- 5.30 With regard to the HRA, the draft plan presented, despite the forecasted challenges, maintains an adequate annual surplus providing an appropriate level of in year cover.
- 5.31 The formal Section 151 Officer assessment of the robustness of the council's budget, including sufficiency of contingency and reserves to provide against future risks will be made as part of the final budget report to Council in March 2024.

6. Panel Specific Material

6.1 Qtr2 2023/24 – Budget Position

Directorate Level Forecast P6					Appendix 1
Management Area	Revised 2023/24 Budget	P6 Outturn Forecast	P6 Forecast to Budget Variance	P3 Forecast to Budget Variance	Movement in Variance from P3 to P6
DIRECTOR OF ADULT, HEALTH & COMMUNITIES	84,307,499	98,550,535	14,243,037	17,639,106	-3,396,069
Director of Adult & Social Services	72,341,199	86,283,356	13,942,158	17,485,078	-3,542,920
Director of Public Health	-591,844	-591,844	0	0	0
Assistant Director for Commissioning	12,558,144	12,859,023	300,879	154,028	146,851

- **Adult Social Care £13.9m overspend.**

The forecast at Q2 is an improvement of £3.4m compared to the position reported at Q1. Whilst there has been an in-year increase in income, resulting in a positive variance of

£9.8m, the forecast spend on care packages has not materially changed since Q1 with the forecast spend is £119.4m an adverse position of £20m.

Whilst the forecast spend on care packages has not materially changed, there are considerable pressures on the service. Contacts made to social care teams are considerably higher for the first six months 2023/24 when compared to the equivalent period in 2022/23. Despite the hard work to control pressures on the care budget through maximising the opportunities to remain independent for those receiving care, particular pressures remain from those younger people transitioning to adulthood. Spend on adults aged 18-64 now accounts for 55% of total forecast spend, so whilst nationally the pressures on adult social care budgets is for older adults, the greatest pressure in Haringey on the care placement budget comes from younger adults.

The improved favourable income variance of £9.8m is because of the inclusion of non-recurring funding from the Market Sustainability and Improvement Fund of £1.75m (tranche 2) and Lottery funding of £1.1m for positive behaviour support for clients with learning disabilities. The income was not forecast in Q1, as at that time, the income had not been confirmed. Client contributions are forecast at £2.4m greater than budgeted and contributions from health at £2.6m more than budgeted. In previous years, the amount of additional income received from health has been substantially more than budget; this was c£10m in 2022/23. This is not expected to be the case in 2023/24, as the ICB has signalled that funding to support hospital discharge will be significantly reduced across 2023/24.

Any pressures on staffing budgets are being met by additional in year income.

- **Commissioning Services £0.3m overspend.**

The in year forecast pressure of £0.3m overspend is planned to be met by income from the Better Care Fund (BCF) held within Adult Social Care cost centres.

6.2 2024/25 Budget and 2024/29 Proposals

Adult Social Care Outturn position for 2023/24 and Budget Position for 2024/25

Adult Social Care continues to face significant pressures to meet the eligible care needs of vulnerable adults in Haringey. In 2022/23 the service reported an overspend of £11.5m and as of Q2 the forecast overspend is expected to increase to £14.1m. The cost of care placements is the biggest factor in last year's outturn and in the forecast for the year to date. As a whole the service supports some 3500 individuals every day.

The pressure on care cost is due to a number of factors, prices charged by providers, numbers receiving care and the complexity or conditions of individuals supported. Due to the cost-of-living crisis providers are expecting significant increases in fees charged for individual placements and in excess of the increased rates proposed by Haringey. This trend will continue for the foreseeable future as inflation levels continue at current levels. Demand for care continues to increase, the number of referrals is increasing and the numbers of young people transitioning to adulthood remains high. As a result of deconditioning through the period of the covid pandemic, the numbers of older people presenting to hospital with multiple health conditions is increasing, with those with an eligible support need requiring more complex support. In addition, those young people transitioning to adulthood often have complex conditions that the net cost of appropriate support, even

with health funding, the cost remaining with Adult Social Care is considerable and will remain a cost to the service for many years.

The estimated expenditure in 2024/25 is £126.28m, an increase of £8.28m on current year estimates. This factors in inflation of 4% and the cost of transitions of £3.6m. The cost of transitions is based on identifiable young people who will reach adulthood in 2024/25.

The existing MTFs already has £8.433m planned to be added to the Adult Social Care placement budgets. To bring the budget up into line with the forecast of £126.28m would require a further £16.247m.

6.3 Service Growth (Sections 7.40 – 7.43 in Main report)

The **existing** MTFs contained a level of growth across the 2024-28 period which has been reviewed but confirmed as still required. The amounts by Directorate are shown in Table 7.1a below.

Table 7.1a

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	4,102	2,789	2,821	0	0	9,712
Children's Services	482	20	20	0	0	522
Corporate	5,656	7,106	3,400	6,900	0	23,062
Culture, Strategy & Engagement	(184)	(165)	363	(134)	0	(120)
Environment & Resident Experience	(94)	0	0	0	0	(94)
Legal and Governance	0	0	0	0	0	0
Placemaking & Housing	(605)	0	(30)	0	0	(635)
Total	9,357	9,750	6,574	6,766	0	32,447

In 24/25 the Adults, Health & Communities (AHC) growth is attributed mainly to a growth in the Net Demographic Pressures with a further £1m for Connected Communications strategies. The growth from 2025 to 2027 is connected to growth from Demographic Pressures, Inflation and costs of young people transitioning to adulthood.

Table 7.2a. New Growth proposals.

New Growth

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	19,267	7,311	7,311	0	0	33,889
Children's Services	1,631	660	660	0	0	2,951
Corporate	1,290	3,200	2,350	0	0	6,840
Culture, Strategy & Engagement	1,150	0	0	0	0	1,150
Environment & Resident Experience	1,046	0	0	0	0	1,046
Legal and Governance	608	0	0	0	0	608
Placemaking & Housing	0	0	0	0	0	0
Total	24,992	11,171	10,321	0	0	46,484

The Growth in AHC has multiple contributing factors, significantly, a further £12.7m has been included to account for the current year forecast, that includes assumptions for future inflationary pressures and accounts for young people transitioning from Children's Services to Adults. To reflect the current acute pressures associated with Temporary Accommodation £3m has been added to deal with demand and inflation.

The result of the above is a combined planned growth for AHC of circa. £23m in 24/25 and continuing growth of £10m 25/26 and 26/27.

Table 7.2c. Total planned growth 24/25 to 28/29.

Total Planned Growth

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	23,369	10,100	10,132	0	0	43,601
Children's Services	2,113	680	680	0	0	3,473
Corporate	6,946	10,306	5,750	6,900	0	29,902
Culture, Strategy & Engagement	966	(165)	363	(134)	0	1,030
Environment & Resident Experience	952	0	0	0	0	952
Legal and Governance	608	0	0	0	0	608
Placemaking & Housing	(605)	0	(30)	0	0	(635)
Total	34,349	20,921	16,895	6,766	0	78,931

6.4 Budget Reduction / Savings (Section 7.44 – 7.50 in Main Report)

The existing MTFS contained a level of savings across the 2024-28 period. The planned savings by Directorate are shown in Table 7.2a below.

Existing Savings						
Management Area	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total
Adults, Health & Communities	6,848	3,067	(159)	(100)	0	9,656
Children's Services	1,630	230	0	0	0	1,860
Cross-Cutting	500	500	1,360	0	0	2,360
Culture, Strategy & Engagement	1,089	969	210	5	5	2,278
Environment & Resident Experience	6,974	491	1,459	(6)	44	8,962
Placemaking & Housing	470	110	70	0	0	650
Total	17,511	5,367	2,940	(101)	49	25,766

As part of the of the financial planning process all existing savings plans are reviewed and challenged robustly to ensure that they can still be met as originally agreed and if not, looks to re-profile or write off.

This outcome of this year's process is that £4.4m of savings are no longer deemed viable and have been taken out of the draft Budget and MTFS. These are shown by Directorate in the table below.

Table 7.2b. Highlighted are previously agreed savings that are deemed to be unachievable.

Written off Savings

Management Area	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total
Adults, Health & Communities	1,900	700	(400)	(100)	0	2,100
Culture, Strategy & Engagement			655			655
Environment & Resident Experience	15	20	1,320	0	0	1,355
Placemaking & Housing	100	100	70			270
Total	2,015	820	1,645	(100)	0	4,380

The Written off Savings in AHC were in relation to in the main “improved commissioning and efficiencies” and an “improvement in debt collection”. There was also an assumption that an overachievement in Mental Health targets would continue. Unfortunately, these savings did not come to fruition and the re-articulation of the Directorate approach to savings is set out in the new proposals below.

Even though these savings have been removed there is still a substantial existing savings plan as shown in the table below.

Revised Existing Savings

Directorate	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total
Adults, Health & Communities	4,948	2,367	241	0	0	7,556
Children's Services	1,630	230	0	0	0	1,860
Cross-Cutting	500	500	1,360	0	0	2,360
Culture, Strategy & Engagement	1,089	969	(445)	5	5	1,623
Environment & Resident Experience	6,959	471	139	(6)	44	7,607
Placemaking & Housing	370	10	0	0	0	380
Total	15,496	4,547	1,295	(1)	49	21,386

The new budget reduction / savings proposals generated through this year's financial planning process are a mixture of management actions and those that require policy decision. The former include value for money initiatives, service redesign or service restructures.

The new savings now included in this draft Budget are shown by Directorate in the 2 tables below, one covering management actions 7.2c and one the Policy proposals 7.2d.

Table 7.2c – Management Actions

New Management Action Savings						
Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	500	150	0	0	0	650
Children's Services	543	90	15	15	0	663
Corporate Governance	0	0	0	0	0	0
Culture, Strategy & Engagement	30	20	0	0	0	50
Environment & Resident Experience	581	-35	82	0	0	629
Finance	250	0	100	225	200	775
Placemaking & Housing	1004	453	585	635	275	2952
Total	2,908	678	782	875	475	5,719

The new Management Savings Actions in AHC are focused predominantly on reviewing current management of Temporary Accommodation and where efficiencies can be made. There is also a review of our current Social Care transport strategy.

Table 7.2d. These are new identified savings and the detailed proposals can be found in Appendix 3.

New Savings

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	4,890	782	0	0	0	5,672
Children's Services	673	1,152	777	724	1,220	4,546
Culture, Strategy & Engagement	920	619	372	0	0	1,911
Environment & Resident Experience	1,636	53	47	39	17	1,792
Finance	0	0	0	0	0	0
Placemaking & Housing	0	0	0	0	0	0
Total	8,119	2,606	1,196	763	1,237	13,921

The savings in Adults, Health and Communities, comprise maximising health funding for those eligible, increasing choice and control through increasing Direct Payments take up, continuing to emphasise a strength-based approach to care planning, maximising the opportunities through the use of in borough housing stock to reduce costs and reshape the offer to mitigate the ongoing pressures associated with temporary accommodation.

The net impact of the above adjustments and additions is a total savings programme in AHC across the 2024-2029 period of **£8.9m, with £7.8m** for 2024/25 alone.

Total Planned Savings

Directorate	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total
Adults, Health & Communities	7,757	1,173	0	0	0	8,930
Children's Services	1,446	1,242	792	739	1,220	5,439
Culture, Strategy & Engagement	1,919	194	377	5	0	2,495
Environment & Resident Experience	2,688	157	123	83	17	3,069
Finance	250	0	100	225	200	775
Placemaking & Housing	1,014	453	585	635	275	2,962
Corporate Governance	0	0	0	0	0	0
Cross-Cutting	500	1,360	0	0	0	1,860
Total	15,574	4,579	1,977	1,687	1,712	25,530

6.5 Summary Revenue Budget Position 2023-2029 (Section 7.51 – 7.55 in Main Report)

Table 7.3 Summary Revenue Budget Position 2023-2029

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Budget	Budget	Projected	Projected	Projected	Projected
Directorate	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Health & Communities	108,701	120,824	132,041	140,141	140,141	140,141
Children's Services	62,949	63,304	62,742	62,630	61,491	60,271
Culture, Strategy & Engagement	33,569	32,951	32,592	32,578	32,439	32,439
Environment & Neighbourhood	14,565	18,134	21,576	21,453	21,370	21,353
Placemaking & Housing	7,829	6,310	5,857	5,242	4,607	4,332
Chief Executive	305	305	305	305	305	305
Corporate Governance	2,283	2,891	2,891	2,891	2,891	2,891
Finance	52,815	73,216	84,867	95,505	104,314	104,114
Council Cash Limit	283,017	317,935	342,872	360,746	367,559	365,847
Planned Contributions from Reserves	(3,500)	(459)	(294)	(145)	(11)	(11)
Further Savings to be Identified	-	(16,386)	(30,424)	(44,174)	(46,735)	(45,023)
Total General Fund Budget	279,517	301,090	312,154	316,427	320,813	320,813
Council Tax	(124,212)	(134,375)	(137,381)	(141,505)	(145,757)	(145,757)
RSG	(25,635)	(27,353)	(27,517)	(27,517)	(27,517)	(27,517)
Top up Business Rates	(59,451)	(63,686)	(95,991)	(95,991)	(95,991)	(95,991)
Retained Business Rates	(19,800)	(22,288)	(22,414)	(22,414)	(22,414)	(22,414)
Section 31 Grants	(21,546)	(22,251)	(0)	(0)	(0)	(0)
NNDR Surplus/(Deficit)	1,271	-	-	-	-	-
NNDR Growth	(2,000)	(2,000)	-	-	-	-
Total Main Funding	(251,374)	(271,953)	(283,303)	(287,427)	(291,679)	(291,679)
New Homes Bonus	(2,105)	(3,099)	(3,107)	(3,107)	(3,107)	(3,107)
Public Health	(21,502)	(21,502)	(21,502)	(21,502)	(21,502)	(21,502)
Other core grants	(4,536)	(4,536)	(4,536)	(4,536)	(4,536)	(4,536)
Total Core/Other External Grants	(28,143)	(29,137)	(29,145)	(29,145)	(29,145)	(29,145)
Total Income	(279,517)	(301,090)	(312,448)	(316,572)	(320,824)	(320,824)

6.4 Proposed Capital (Section 8 in Main Report)

Table 8.2: Capital expenditure plans by directorate

	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	Total (£'000)
Children's Services	28,673	24,520	5,381	5,343	300	64,216
Adults, Health & Communities	5,870	4,051	7,377	12,377	28,341	58,016
Environment & Resident Experience	21,309	13,551	15,651	13,131	11,571	75,212
Placemaking & Housing	60,365	64,138	153,782	22,959	19,672	320,915
Culture, Strategy & Engagement	43,515	36,841	11,529	1,370	500	93,756
Total General Fund (GF)	159,732	143,101	193,719	55,179	60,383	612,115
Housing (HRA)	238,222	303,689	354,954	307,358	209,605	1,413,829
Overall Total	397,955	446,790	548,673	362,538	269,988	2,025,943

Adult, Health, and Communities:

There are no new schemes. The Edwards Drive scheme is now planned to be delivered via the housing delivery programme, funded by the housing revenue account, rather than the general fund. The Bourgoyne Road scheme has been deferred until the GLA grant programme for this type of facility is made available to the Council. There will be a continued 'meanwhile' use on the site. The supported living scheme has been transferred to be delivered through the housing delivery programme.

Table 8.3: Financing Strategy

	General Fund Borrowing		External (£'000)	Total (£'000)
	Met from General Fund (£'000)	Self-Financing met from Savings (£'000)		
Children's Services	26,281	5,900	32,035	64,216
Adults, Health & Communities	3,882	45,341	8,793	58,016
Environment & Resident Experience	64,628	1,959	8,625	75,212
Placemaking & Housing	104,396	6,537	209,982	320,915
Culture, Strategy & Engagement	28,648	65,108	0	93,756
Total	227,835	124,844	259,435	612,115

The self-financing schemes will normally only proceed if they produce a reduction in expenditure that includes reductions enough to cover the cost of

financing the investment. This is necessary to ensure that the investment contributes to meeting the financial challenges that the Council faces. It is noted however, that in some limited circumstances, that schemes may proceed even if they do not produce a reduction in expenditure enough to cover the cost of financing the investment.

7.0 Explanation of Appendices

- 7.1 Appendix 1 is an aide memoire to assist with the scrutiny of budget proposals including possible key lines of enquiry. This report is specifically concerned with Stage 1 (planning and setting the budget) as a key part of the overall annual financial scrutiny activity.
- 7.2 Appendix 2 is the Draft 2024/25 Budget and 2024/29 MTFs considered by Cabinet on 5th December 2023. This report sets out details of the draft General Fund (GF) Budget for 2024/25; the Medium-Term Financial Strategy (MTFS) 2024/29; the draft HRA Budget 2024/25 and its draft Business Plan including estimated income (funding) and expenditure adjustments, as well as the draft capital programmes for both funds.
- 7.3 Appendix 3 lists the previously agreed MTFs savings relevant to each Panel/Committee and details progress of delivery as at Q2 23/24.
- 7.4 Appendix 4 provides details of the new revenue budget growth proposals relevant to each Panel/Committee.
- 7.5 Appendix 5 provides details of the new revenue budget savings proposals relevant to each Panel/Committee.
- 7.6 Appendix 6 provides details of the capital investment proposals relevant to each Panel/Committee. Details of the proposed funding source are clearly identified. The Council's Capital Programme provides a framework for spend but does not constitute the approval to spend on specific projects. Approval to spend on particular projects is usually granted by cabinet decisions (e.g., contract awards). All capital projects must be fully financed before proceeding. Sources of funding/finance can be external, such as grants, or S106/CIL, or if no external funding is available, the Council can borrow to fund the project.
- 7.7 Where the Council does have to borrow to finance a project, there is an ongoing cost to the Council's revenue budget to repay the debt and pay interest on the borrowing costs. Currently, a rule of thumb is that for each £1m of capital financed by borrowing there is a c. £72k per annum revenue cost, (c.£61k last year). Many of the schemes within the capital programme are 'self-financing': these schemes are funded by borrowing however, they will generate an ongoing revenue betterment to the Council, which will offset the costs of borrowing once the scheme is completed.
- 7.8 Attention is also drawn to the 2023/24 Quarter 2 Finance Update Report presented to Cabinet on 5th December 2023 which provides a summary of the in-year budget implications facing the authority and which has informed the 2024/25 Draft Budget proposals now presented. The Council's 2023/24 Budget Book provides details of service budgets for the current year.

8 Contribution to strategic outcomes

- 8.1 The Budget Scrutiny process for 2024/25 will contribute to strategic outcomes relating to all Council priorities.

9.0 Statutory Officers comments

Finance

- 9.1 There are no financial implications arising directly from this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

Legal

- 9.2 There are no immediate legal implications arising from this report.
- 9.3 In accordance with the Council's Constitution (Part 4, Section G), the Overview and Scrutiny Committee should undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol, which is outside the Council's constitution, covering the Overview and Scrutiny Committee.

Equality

- 9.4 The draft Borough Plan sets out the Council's overarching commitment to tackling poverty and inequality and to working towards a fairer Borough.
- 9.5 The Council is also bound by the Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share those protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not.
- 9.6 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 9.7 Further equalities comments are provided in Appendix 2.

10. Use of Appendices

Appendix 1 – Key lines of enquiry for budget setting

Appendix 2 – 2024/25 Draft Budget and 2024/2029 Medium Term Financial Strategy Report (presented to Cabinet 5th December 2023)

Appendix 3 - P6 – Qtr 2 2023/24 position (Adults and Health)

Appendix 4 - New Revenue Growth Proposals (Adults and Health)

Appendix 5 - New Revenue Savings Proposals (Adults and Health)

Appendix 6 - Capital Budget Proposals (Adults and Health)

11. Local Government (Access to Information) Act 1985

None.