

## Recommendations from Executive – 1 February

**Executive  
Minute  
reference  
61**

### **Budget & Capital Programme 2024/25**

The Deputy Leader and Executive Member for Finance, Governance and Organisation addressed the Executive stating that this report presented the final revenue and capital budget proposals for 2024/25 resulting in a net revenue budget requirement of £23.167 million along with a recommended council tax increase of 2.99% (equivalent to £7.47) for the average Band D property.

The key components of the revenue and capital budget were outlined and firstly provided Executive Members with some context of how the Council has approached this year's Budget and the challenges faced in the preparation and delivery of it.

Firstly, it was announced that the Council had been able to set a balanced revenue budget for 2024/25 without any requirement to use its General Fund Balances. This was a very positive outcome as it was reported that many other councils (estimated to be up to 40%) may have to consider drawing on Reserves to achieve a balanced budget.

It was confirmed that the Council (as a result of many years of prudent financial management) was nowhere near a position where a Section 114 notice might have to be considered. The Executive would be aware that many other councils across the country were struggling with this dilemma, and this was not a concern for this Council which was very reassuring news.

There was also additional comfort that the Local Government funding reforms had once again been pushed back, now to 2025/26 at the earliest; this meant that the prospect of future funding cuts, when the reforms took place remained a threat but was not imminent.

The net General Fund revenue budget for 2024/25 of £23.167 million was actually lower than the previous year's budget of £23.194 million. Whilst this may be only a small difference (of -£27k), it demonstrated the commitment that Officers and Members have made to reduce costs and find efficiency savings and income wherever possible to protect funding for the Council's front-line services.

The Council has also maximised the use of capital resources to promote its environmental and sustainability ambitions

across the borough. This included investment in solar compacting bins and a new electric refuse vehicle as well as a move to HVO fuel for other vehicles.

In terms of the economy, the Council remained in difficult times, both nationally and internationally. Geopolitical concerns across the globe (such as the war in Ukraine and the Israel/Palestine crisis) continued to have a marked effect on the UK economy. And in turn on this Council's spending plans and those of our residents.

In the U.K. the cost of living crisis continued along with housing shortages and significant temporary accommodation pressures, were all impacting on this Council's budgets. Plus the ongoing impacts of housing benefit cost pressures due to shortfalls in Government subsidy which the Council has to fund.

In terms of the UK domestic economy, the Council still faced stubbornly high inflation with CPI at 4.0% at January (an increase from 3.9% in December), coupled with Bank of England interest rates at 5.25% with no definitive indication of when they might reduce.

In terms of the Council Tax the Council had little choice but to raise this Council's share of the bill by 2.99% and the Executive was advised that whilst the Council considered this an unavoidable increase, it was still below the level of CPI inflation at 4.0%.

The need to increase Council Tax by 2.99% was compounded by the Council's reduced levels of Business Rate income due to the government formulae which determined how much of the rates collected can be retained locally.

In terms of direct government grant funding, for 2024/25 the Council was receiving an increase of just £220k compared to 2023/34.

But on a more positive note it was announced that this report proposed a new Local Council Tax Reduction Scheme for 2024/25 onwards, which provided means tested reliefs to Council Tax payers who were facing hardship. One of the scheme benefits is that 1,800 households would now qualify up to the full 100% reduction award.

Despite the challenges outlined, the Council has nevertheless set a balanced and robust budget which addressed the challenges outlined.

For example

- The Council has allocated £694k of funding to manage the risks of housing benefit subsidy losses.
- The Council continued to maximise its capital financing strategy to avoid external borrowing costs.
- The Council has been able to provide Budget growth to fund delivery of our environmental sustainability strategy.
- The Council has also found significant efficiency and income generation savings to help balance the overall budget requirement.

Councillor Lewanski gave more detailed component parts of the budget.

The Council was recommending net Service Budget growth of £1.112m for next year. This reflected:

- Pay growth for Services of £316k and;
- Non-Pay growth for Services of £716k

The main unavoidable components of this growth comprised of :-

- ICT increased system and maintenance costs £200k
- Property costs – maintenance and running costs £254k
- Cost of introducing HVO fuel for green vehicles £121k
- 5 new posts (IT / Sustainability / Ecology / Environmental Health) £316k

This growth of £1.112m was offset and effectively absorbed by a larger amount of income from savings which comprised of:

- Savings and income generated of (£1.754m), and ;
- Additional income raised from fees and charges of (£0.540) million.

The main components of the income and savings were:-

- Additional income from The Rise at Redhill (£770k)

- Savings from rationalisation of energy contracts (£350k)
- Car parking savings following the transfer of on-street control back to SCC (£162k)
- Additional car parking fees and charges (£138k)
- Additional Waste and Recycling charges (£146k)

In total the Budget would generate a total of (£2.294m) of savings and income, which was a significant achievement in light of the impacts of the COVID-19 pandemic a couple of years back.

In terms of Central Budgets these were set to rise by a net overall figure of £1.319m.

This comprised of £1.750m for staff pay increases and pension contributions which were offset by Treasury Management savings of (£255k) plus deletion of an unused pay budget allocation from the last financial year of (£243k).

With regard to net Council Tax income this would rise by just over £382k next year while our share of Business Rates would decrease by £650k compared to recent years, largely due to the level of tariff payment the Council had to pay over to central government.

The Provisional Local Government Settlement was announced on 18 December 2023. In terms of direct grant funding the Council received an additional net increase of just 220k from a combination of increases in the Minimum Funding Guarantee Grant and the Services Grant, offset by a reduced level of New Homes Bonus.

The Council also received another ringfenced grant of £695k for homelessness prevention which has been allocated to the Reserve set aside to help the Council manage homelessness risks, so that the funds were available to draw down as needed.

The Council was now awaiting the Final Local Government settlement announcement which was expected on 6 February 2024.

In the meantime, there was an unexpected Government announcement on 24 January indicating that councils would receive a further small tranche of funding equivalent to an extra 1% on top of the existing 3% Minimum Funding Guarantee in the settlement.

The Council was now awaiting confirmation of what this extra funding meant for this Council, presumably as part of the Final Settlement figures on 6 February 2024. Going forward the Council would continue to take a broad view across all budgets through our Financial Sustainability Programme. This will included:

- continuing to look at how the Council's assets were performing and options for their future use;
- pursuing opportunities to generate new sources of income and savings; and
- ensuring that all services delivered value for money.

The forecast gap over the medium term required that all options for securing financial stability continue to be considered.

As outlined in the budget report, the Council continued to hold a healthy level of Reserves that were available to help the Council to continue to manage budget risks and opportunities.

The General Fund Balance at £3.5 million remained more than adequate to cover financial risks while other Earmarked Reserves were forecast to be £26 million by April.

This report also included details of the Council's Capital investment plans which demonstrated the breadth of activity across the borough to improve and enhance its asset base.

Capital growth for 2024/25 totals £4.5 million, primarily to fund the final stages of Marketfield Way and to pay for an electric refuse vehicle.

The capital programme for 2024/25 to 2028/29 has also been re-profiled as part of budget setting to rationalise capital schemes which were no longer required or require re-scheduling to future years.

In summary - overall, the 2024/25 Revenue Budget and Capital Programme was based on a full and robust assessment of what the Council did and how services were funded. This work has been carried out by Executive members, supported by the Management Team.

The proposals have been subject to thorough review by Members of the Budget Scrutiny Panel and the Overview & Scrutiny Committee. Their findings and recommendations were reported separately to Executive in December. Overview & Scrutiny also made time to consider the final budget proposals at their most recent meeting.

Members and Officers were thanked for their valuable contribution to the budget process.

Cllr Michalowski was thanked for pointing out the drafting error in Table 8.1 in paragraph 59. The £'000 symbol top of the second column in from the right, should have read the word "DEMAND" instead.

Councillor Lewanski was pleased to recommend this report to the Executive and to Full Council as a firm foundation for our future financial plans.

Subject to the Executive's agreement of recommendations (i) to (xi), the proposed budget would go forward for consideration by Full Council on 20th February 2024.

The Leader of the Council thanked the Chief Finance Officer, her team and the Budget Scrutiny Panel for their work on the budget.

It was noted that the addendum to the Executive agenda papers included comments from the Overview and Scrutiny Committee.

A visiting member observed that the Police precept was now increasing more than the Borough Council's precept.

Councillor Essex stated that that there remained £30million in the pipeline for investment in affordable housing at a time when the waiting list for housing was increasing. The Leader of the Council responded that up to £20million had previously been allocated of which £1million had already been spent. There was no urgency to call on those funds while the Government continued to make other funding available (up to £6-8million). The Council was currently focussing on purchasing properties to provide temporary accommodation having previously invested in developments like Wheatley Court.

Written responses would be provided to visiting Members questions on:

- An update on Household Support Fund spend and activity; Members noted that this was due to cease in March 2024;
- The total value of investment to date in properties for housing refugees in the borough;
- Whether the budget includes funding for an ecology officer; and
- Whether the current year's funding contribution from the NHS is expected to continue.

Responses were provided to a visiting Member's questions:

- A full recycling service was being rolled out to 5,500 flats.
- It would have to be verified if the 757 base property figure included The Rise and Wheatley Court.
- It was confirmed that the Council retained a small proportion of business rates collected.

In respect of council tax recovery, it was noted that the number of summons had increased by 3%. In response to a Member's question about how taxpayers experiencing financial hardship were managed, it was confirmed that officers always try to engage but some residents were reluctant to respond.

#### **RESOLVED that the Executive**

- i. The latest Medium-Term Financial Plan forecast at Annex 1;**
- ii. An increase in Reigate & Banstead's Band D Council Tax of £7.47 (2.99%) and a final taxbase of 64,252.30 Band D equivalents;**
- iii. A Revenue budget requirement of £23.167 million for 2024/25, as set out in this report and at Annex 1, which reflects:**
  - a) Service budget growth proposals totalling £1.112 million, savings of (£1.754) million, including fees and charges income of (£0.540) million, plus forecast issues, risks and opportunities totalling £0.304 million;**
  - b) Central Revenue Budget net savings and growth proposals totalling (£0.431) million and £1.750 million**

**growth for the 2024/25 pay award plus forecast issues and risks totalling £0.694 million;**

**iv. The forecast for Revenue Reserves (Annex 3) and the recommended use of £0.998 million from Reserves in 2024/25 comprising:**

**a) £0.304 million from the IT Strategy Reserve to fund implementation of the approved IT Strategy (as detailed in the Services budget); and**

**b) Up to £0.694 million from the Government Funding Risks Reserve, where necessary, to fund the forecast reduction in housing benefit subsidy (as detailed in the Central budget);**

**v. A Capital Programme of £53.680 million for 2024/25 to 2028/29 as set out in this report, including net Capital Programme Growth Proposals of £6.919 million (net after allowing for a reduction of (£0.796) for capital programme re-profiling);**

**vi. That the following changes to the Local Council Tax Support Scheme be approved and adopted from 2024/25:**

**a) Removal of the maximum award of 90% Council Tax liability for 1,800 households and increasing the award to 100%;**

**b) Removal of the minimum requirement for a household to qualify for £5 per week before support is provided;**

**c) Expansion of support awards to cover full Council Tax liability for residents in Bands F to H;**

**vii. That the following changes Council Tax premiums on empty properties be approved and adopted from 2024/25:**

**a) Removal of the empty homes discount of 28-days where a property becomes empty and unfurnished;**

**b) For empty and furnished second homes – charge 200% council tax after the first 12 months; and**

**c) For long-term empty properties – commence charging the 100% premium after 12 months.**

- viii. Continued funding support for Banstead Commons Conservators for a further three years (2024/25 to 2026/27);**
- ix. Agreement of a new 10 year Section 136 funding agreement with Horley Town Council;**
- x. The Chief Finance Officer's report on the robustness of the Budget estimates and adequacy of Reserves.**

**That Executive authorise:**

- xi. The Chief Finance Officer to make any necessary final technical adjustments to the Budget and Council Tax arising from final budget refinements or changes to Government funding.**