



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

SIGNED OFF BY	Chief Finance Officer
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TO	Overview & Scrutiny Executive Council
DATE	Thursday 4 July 2024 Thursday 11 July 2024 Thursday 18 July 2024
EXECUTIVE MEMBER	Portfolioholder for Finance, Governance & Organisation

KEY DECISION REQUIRED	Yes
WARDS AFFECTED	All

SUBJECT	MEDIUM-TERM FINANCIAL PLAN 2025/26 TO 2028/29
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<p>RECOMMENDATIONS</p> <p>Overview & Scrutiny:</p> <p>(i) To note the report and provide any comments for consideration by Executive.</p> <p>Executive:</p> <p>(i) That the Medium-Term Financial Plan be recommended to Council as the framework for the budget elements of service and financial planning for 2025/26 onwards.</p> <p>Council:</p> <p>(i) That the Medium-Term Financial Plan be adopted as the framework for the Revenue Budget elements of service and financial planning for 2025/26 onwards.</p>
REASONS FOR RECOMMENDATIONS

The Council is required to set a budget by 11 March each year. This report and the associated documents will support this obligation for 2025/26.

EXECUTIVE SUMMARY

The purpose of this report is to set out the background and context for the budget elements of service and financial planning for 2025/26 onwards. It provides an early opportunity for Executive to consider the factors that will be taken into account when preparing draft budget proposals that are scheduled to be reported in November.

The report will be considered at the meeting of the Overview & Scrutiny Committee in July 2024 and their feedback and questions will be taken into consideration when preparing the draft budget.

Executive and Council have authority to approve the above recommendations.

STATUTORY POWERS

1. The Local Government Act 1992 places a requirement on Councils to set the following year's Council Tax by 11 March each year. The Local Government Act 1972, as part of proper financial management, requires a Council to set the associated annual budget requirement. This report is part of that process.
2. Section 65 of the Local Government Finance Act 1992 requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year.
3. Regulations on levying council tax on empty properties are set out in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

BACKGROUND

4. The Council has a well-established service and financial planning process that details the approach and timescales for development of budget proposals for the following financial year. As part of budget-setting for 2024/25 the Executive adopted a Financial Sustainability Programme for addressing the forecast budget gap over the medium term.
5. The budget-setting process is subject to regular review to ensure that it continues to meet requirements.
6. The Medium-Term Financial Plan (MTFP) at Annex 1 has been prepared in response to Members' requests for sight of key budget information early in the budget-setting process.

KEY INFORMATION

MTFP Overview

7. The MTFP provides an update on the Council’s budget position. It follows on from the Budget Report 2024/25 to Executive in February and the subsequent Budget and Council Tax recommendations that were approved by Full Council.
8. It covers the following:
- Objectives and priorities for the 2025/26 budget;
 - Context to budget-setting, including updates on the national economic forecast, local government funding,
 - Corporate Plan priorities and specific factors to be taken into account when developing budget proposals;
 - Key budget information, including the previous year’s budget outturn position, current year budgets and potential new budget pressures and saving opportunities;
 - Updates on the Capital Programme and Treasury Management;
 - Reserves and Fees & Charges policies;
 - A summary of budget risks and sensitivities and how they will be managed; and
 - Information about the service and financial process and budget-setting timetables; and
 - Information about the Financial Sustainability Programme progress and supporting activities update (shown at Annex 2).

Forecast Budget Gap

9. The forecast budget gap over the next five years is set out below. Further details are provided at Annex 1.

Table 1: MEDIUM TERM REVENUE BUDGET FORECAST	Approved Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Forecast Budget 2028/29	Forecast Budget 2029/30
	£m	£m	£m	£m	£m	£m
FORECAST GAP (cumulative)	Balanced	1.678	2.017	3.249	4.549	5.402
Annual Increase in Gap	-	1.678	0.339	1.232	1.300	0.853
Gap as % of current budget requirement	-	7.2%	8.7%	14.0%	19.6%	23.3%

10. In summary, as for the majority of councils, this authority is still facing a challenging financial future. Over recent years budget efficiencies have been achieved through the Service & Financial Planning process and through projects delivered under the Financial Sustainability Programme.
11. While Reserves remain at a healthy level, there is still an underlying budget gap that must be addressed by a programme of savings to reduce costs whilst driving up efficiency levels and/or generating new sustainable sources of income.

OPTIONS

12. Executive has three Options:

OPTION 1	<p>To approve the MTFP information, as set out in this report, as the basis for budget setting in 2025/26.</p> <p>This option is recommended for approval, to ensure that service and financial plans are developed in good time to adopt a balanced budget for 2024/25.</p>
OPTION 2	<p>Request further information before approving the MTFP information, as set out in this report, as the basis for budget setting in 2025/26.</p> <p>This option is not recommended unless the changes are minor, as it would potentially delay budget setting preparations. Executive will have opportunities to consider further MTFP updates in November and February.</p>
OPTION 3	<p>Reject the MTFP information, as set out in this report, as the basis for budget setting in 2025/26.</p> <p>This option is not recommended as it will delay budget setting preparations.</p>

LEGAL IMPLICATIONS

13. It is a legal requirement that the Council sets a balanced budget for each financial year. Failure to do so could result in the need for a S114 notice to be issued by the s151 Officer.

FINANCIAL IMPLICATIONS

14. These are addressed throughout the report and Annexes.

EQUALITIES IMPLICATIONS

15. This report provides background and context for the budget elements of service and financial planning activities of the Council. There are no equalities issues arising directly from the MTFP or accompanying policy documents. An Equality Impact Assessment is carried out in support of the proposed budget annually, and where individual changes, projects or policies are developed, equalities impact assessments will be carried out by the responsible officer(s).

COMMUNICATION IMPLICATIONS

16. There are no communications implications arising directly from this report. The budget proposals will be communicated with key stakeholders as they are developed.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

17. There are no environmental sustainability implications arising directly from this report. The budget proposals will include consideration of the requirement to invest in measures that support delivery of the corporate Environmental Sustainability Strategy.

RISK MANAGEMENT CONSIDERATIONS

18. These are addressed throughout the report and in Annex 1.

HUMAN RESOURCES IMPLICATIONS

19. There are no human resources implications arising directly from this report. Council employees and their representatives will be consulted on budget proposals that have staffing implications.

CONSULTATION

20. As part of the budget setting process, public consultation will be undertaken and budget proposals will also be circulated to the business community via the monthly Business e-bulletin.
21. Comments received will be reported to the Executive and taken into account in agreeing the final budget for 2025/26
22. Savings and growth proposals will be considered by the Budget Scrutiny Panel of the Overview & Scrutiny Committee in November 2024. The conclusions and recommendations of the Panel and the Committee are reported to the Executive.

POLICY FRAMEWORK

23. Approval of the annual Revenue Budget, determination of the Council Tax and approval of the Capital Programme are functions of the full Council under the Council's constitution (Article 4.12).
24. The budget reflects the priorities in the Council's Corporate Plan and puts in place resources to deliver these priorities.
25. The recommendations in this report are a key decision because they form part of the annual service and financial planning process that lead to recommendation of the revenue budget, capital programme and council tax to full Council.

ANNEXES

1. Medium Term Financial Strategy 2025/26 to 2029/30
2. Financial Sustainability Programme Overview – July 2024

BACKGROUND PAPERS

- *Corporate Plan and subsidiary strategies*, available at www.reigate-banstead.gov.uk/rbbc2025
- *Budget 2024/25 & Capital Programme 2024/25 to 2028/29*, report to Executive, 1 February 2024
- *Treasury Management Strategy 2024/25*, report to Executive, 21 March 2024
- *Capital Investment Strategy 2025/26*, Report to Executive, 11 July 2024