

# COUNCIL BUDGET - 2024/25 BUDGET MONITORING

<b>Cabinet Member</b>	Councillor Martin Goddard
<b>Cabinet Portfolio</b>	Cabinet Member for Finance
<b>Officer Contact</b>	Richard Ennis, Finance
<b>Papers with report</b>	None

## HEADLINES

<b>Summary</b>	This report provides an update on the approach being taken in managing the Council's financial position for 2024/25, recognising the range of challenges being managed in respect of demand for services and delivery of savings. An update of the position for Month 5 will be presented to Cabinet at its October meeting.
<b>Putting our Residents First: Delivering the Council Strategy 2022-2026</b>	This report supports the delivery of the Council Strategy 2022-2026. Achieving Value for Money is an important element of the delivering the Council's Medium Term Financial Plan and sound financial management.
<b>Financial Cost</b>	N/A
<b>Relevant Select Committee</b>	Corporate Resources & Infrastructure
<b>Relevant Ward(s)</b>	All

## RECOMMENDATIONS

That the Cabinet:

1. Note the update provided and the approach being taken in reviewing the financial position for 2024/25.
2. Approve the financial recommendations set out in Part B of this report.

### Reasons for recommendation

1. The reason for **Recommendation 1** is to ensure that the Council are aware of the factors impacting on the Council's financial position and note that these will be quantified and set out in the Month 5 monitoring position that will be presented to October Cabinet.
2. **Recommendation 2** seeks approval for other financial recommendations set out within **Part B** of this report.

### **Alternative options considered / risk management**

3. There are no other options proposed for consideration.

### **Select Committee comments**

4. None at this stage.

## PART A: MONTHLY BUDGET MONITORING

5. In line with many other authorities, the Council is continuing to face a number of challenges that are impacting on its financial position. At Month 2 the Council reported a number of emerging pressures being managed, with the Council highlighting a breakeven position against the General Fund revenue budget
6. As previously reported, the Council is undertaking a Zero Based Budgeting exercise in order to address these issues and this area of work is nearing completion. The results of this exercise will be reviewed by the newly appointed Corporate Director of Finance, who will also consider how future financial performance is reported to Cabinet. In addition, a line-by-line review of significant budgets will be undertaken in order to test and use the Month 2 position, and any change in circumstances, ahead of reporting an updated position to the October Cabinet. In addition to this work, the October Cabinet will also update on work being undertaken in respect of the Medium Term Financial Forecast.
7. This work is well advanced and will be completed over the coming weeks, with outcomes being reported back to the October meeting of Cabinet as part of the Month 5 report.
8. In view of the foregoing, there is no further update to the financial position reported at Month 2, which purely as a reminder of what was reported, was as follows:
9. **General Fund Revenue:** At Month 2, the Council reported a breakeven position across the General Fund revenue budgets, highlighting a number of emerging and significant risks that were being managed within the position, with these issues linked to demographic pressures for homelessness and adult social care, with the third area being delivery of elements of the £21,499k saving programme. The position was reported by the previous Director of Finance (Section 151) as set out in the overview table set out below:

**Table 1: General Fund Overview**

Service	Month 2	
	Approved Budget	Forecast Outturn
	£'000	£'000
Service Operating Budgets	282,003	282,003
General Contingency	500	500
Unallocated Budget Items	1,871	1,871
<b>Subtotal Expenditure</b>	<b>284,374</b>	<b>284,374</b>
Corporate Funding	(284,374)	(284,374)
<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>
Balances b/fwd	26,848	28,848
<b>Balances c/fwd 31 March 2025</b>	<b>26,848</b>	<b>26,848</b>

10. **Schools Budget:** The Council reported an in-year deficit of £16,109k, representing a significant improvement on the £25,605k in-year deficit for 2023/24, with 2024/25 reporting a continuation of the Government's underfunding of high needs support generating the deficit

position that the Council reported. This position was set out in the below income and expenditure summary for the Schools Budget. Part of this review will include a review of the prior and future year deficits and the presentation thereof.

**Table 2: DSG Income and Expenditure Summary**

<b>Funding Block</b>	<b>Approved Budget</b>	<b>Forecast Outturn</b>	<b>Variance (As at Month 2)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Schools Block	104,586	104,586	0
Early Years Block	37,480	37,480	0
Central Schools Services Block	2,429	2,429	0
High Needs Block	56,214	72,324	(9,495)
Prior Year Deficit	25,605		
<b>Total Funding Blocks</b>	<b>226,314</b>	<b>216,819</b>	<b>(9,495)</b>
<b>Dedicated Schools Grant Income</b>	<b>(200,709)</b>	<b>(200,709)</b>	<b>0</b>
<b>In-Year Deficit</b>	<b>25,605</b>	<b>16,110</b>	<b>(9,495)</b>
Balance Brought Forward 1 April 2024	47,492	47,492	
<b>Balance Carried Forward 31 March 2025</b>	<b>73,097</b>	<b>63,602</b>	

11. **Housing Revenue Account:** As at Month 2, the Council reported a breakeven position for the Housing Revenue Account, with the rental income yield forecast to balance off the expenditure requirements supporting the Council's housing stock. The budgeted increase in expenditure of £1,500k is forecast to be sufficient to meet the needs as set out in the budget strategy, supporting regulator demands and support for damp and mould interventions. This position is set out in the table below:

**Table 3: Housing Revenue Account**

<b>Service</b>	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance (As at Month 2)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent & Other Income	(80,614)	(80,614)	0
<b>Net Income</b>	<b>(80,614)</b>	<b>(80,614)</b>	<b>0</b>
Operational Assets	14,017	14,017	0
Director of Housing	9,565	9,565	0
Other Service Areas	1,027	1,027	0
Contribution to Shared Services	13,297	13,297	0
<b>HRA Operating Costs</b>	<b>37,906</b>	<b>37,906</b>	<b>0</b>
Capital Programme Financing	26,676	26,676	0
Interest and Investment Income	16,133	16,133	0
<b>Capital Programme Financing</b>	<b>42,809</b>	<b>42,809</b>	<b>0</b>
<b>(Surplus) / Deficit</b>	<b>(101)</b>	<b>(101)</b>	<b>0</b>
General Balance 01/04/2023	15,101	15,101	0
<b>General Balance 31/03/2024</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>

## PART B: FINANCIAL RECOMMENDATIONS

### That the Cabinet:

- a. **Note the request to continue existing operational arrangements with The Forward Trust and Farol whilst new contracts are agreed, and formal governance approved.**
- b. **Approves a public consultation exercise on the Council's local Council Tax Reduction Scheme with a view to reforming the scheme with effect from April 2025, and delegates authority to the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Finance, to agree the detailed consultation proposals for publication.**

### Reasons for recommendation

12. The introduction of the new Oracle system in May has strengthened spend controls, enabling the Council to identify and rectify cases where formal governance is not in place to support proposed expenditure on service delivery. **Recommendation 2a** requests cabinet to note that both situations have been discussed with relevant portfolio holder and added to the Forward Plan for formal arrangements to be put in place. The Forward Trust is used across green spaces, highways and other services for grounds maintenance, tree planting, rights of way, landscaping, ecology works and related services. Farol is also used by the green spaces team for grounds maintenance equipment.
13. **Recommendation 2b** seeks approval to consult with the residents and relevant stakeholders on changes to the working age Council Tax Reduction (CTR) Scheme to be implemented for 2025/26. The demand for CTR support has continued since COVID-19 and we have only made minimal changes to the scheme since 2020 when our banding scheme was first introduced.

The aim of the consultation is to amend the Scheme to better align it to ensure the most vulnerable residents are supported and that the cost of the Scheme is proportionate in the prevailing circumstances and commensurate with other London local authorities.

Any changes proposed will also be designed to mitigate the cost associated with the increase in demand for the scheme and growing administrative burdens associated with the processing of the Universal Credit notifications as more customers move to Universal Credit.

To implement a reformed scheme for April 2025, proposed revisions to the CTR Scheme will need to be approved by full Council alongside the Council's Taxbase in January 2025, based on recommendations from Cabinet which would be agreed as part of the Consultation Budget on the agenda for December 2024. It is, therefore, proposed to complete a public consultation exercise on proposed reforms ahead of November 2024, along with an Equalities Impact Assessment, with outcomes available for Cabinet to consider in December 2024, when also considering its Consultation Budget.