

Title of meeting:	City Council
Date of meeting:	06 February 2024 (Cabinet) 13 February 2024 (City Council)
Subject:	Portsmouth City Council - Budget & Council Tax 2024/25 & Medium Term Budget Forecast 2025/26 to 2027/28
Report by:	Director of Finance & Resources (S.151 Officer)
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Preface

- 1.1 Working within a Local Government financial envelope set by the Government in their Comprehensive Spending Review 2021 for the period 2022/23 to 2024/25, which did not foresee the elevated and prolonged levels of inflation of the past 2 years, the Budget setting process over this period has been some of the most challenging that the Council has experienced. For the past 2 years it was envisaged that the Council would not have been required to make any savings, the absence of funding keeping pace with inflation and pressures in Social Care has made that impossible.
- 1.2 Cognisant of the risks associated with Social Care cost pressures and inflation generally, it was highlighted that the Council's Forecasts had the potential to vary by +/- £5m over the forecast 3 year period (or £1.67m p.a).
- 1.3 Within 6 months of the Comprehensive Spending Review being set and just 1 month before it came into effect, the financial environment changed rapidly, precipitated by the war in Ukraine and other economic factors causing inflation to swiftly escalate across the globe. The enduring impact of elevated inflation has led to unavoidable and unplanned cost increases in the delivery of Council Services as well as a "cost of living crisis" for residents which, in turn, has increased the demand for Council Services. These effects are being experienced in the current year and illustrated by the reported overspendings particularly across the Care Services and Housing and will endure into next year and beyond. Despite this climate of increased cost and demand, the funding envelope for Local Government has remained unchanged.
- 1.4 Rising cost pressures and constrained funding is a feature across Local Government as a whole, with services such as Adult Social Care, Children's Services and Homelessness experiencing the most severe increases in price, demand and therefore cost, and resulting in all councils needing to continue to make substantial budget savings.

- 1.5 For the Council, additional spending of £14.5m in Children's Services and Adult Social Care is required next year simply to maintain services at existing levels. This increase is represented by the inflation and demand "hangover" of the current year of £4.8m carrying through into next year plus further inflation and demand pressures for next year itself, the most significant of which relates to the 9.8% increase in the National Living Wage (a further £5m), which is passed over to providers of care supporting those residents whose care is paid for by the Council.
- 1.6 Adhering to the Comprehensive Spending Review 2021, Government have not provided any further relief for the extraordinary cost pressures being experienced by Councils over this 2 year period beyond that which was announced in either the Autumn Statement or Provisional Local Government Finance Settlement for 2024/25.
- 1.7 Within the Provisional Local Government Finance Settlement, there is an increase in funding for Social Care generally of £4.1m, this was pre-announced and part of the Comprehensive Spending Review and intended to cover the new burdens associated with "Market Sustainability and Fair Cost of Care" set out in the white paper "People at the Heart of Care". In addition, the funding was provided to enable the Council to support Hospital Discharge, which itself therefore added costs to the Council. The funding was not provided for general increases in cost and demand. The Settlement also confirmed the flexibility to increase Council Tax by an additional 2% (over the 3.0% limit for general purposes) amounting to £1.9m. The Government's own calculations of the increase in funding to Local Councils, using their "Core Spending Power" measure assumes that all Councils will increase their Council Tax by the maximum amount.
- 1.8 Following vehement representations from the Local Government sector and a significant number of Members of Parliament at the unsustainable and unfunded cost pressures being experienced, on 24 January 2024, Government announced a £500m increase in Social Care funding for 2024/25. For Portsmouth this is expected to amount to £1.9m. Taking all Social Care funding together, the Council will receive an additional £6.0m from Government in 2024/25.
- 1.9 Whilst funding from Government has increased by £6.0m, the Cabinet are proposing to increase spending in Adult Social Care and Children's Services by £14.5m just to maintain current service levels and to ensure that the financial position of these services remains robust in the short and medium term. The residual Social Care Funding Gap of £8.5m sets the context for the need for an increase in Council Tax of the maximum permitted at 4.99% to raise £4.8m, and the compulsion to make Budget Savings of £2m.
- 1.10 Even the combination of additional Care Funding, the full increase in Council Tax and £2m of Budget Savings is not sufficient to meet the Social Care Funding Gap. The Council, therefore, is relying on the underlying increase in Business Rates of £5.6m to balance the Social Care position and meet all the demand and inflationary pressures across all other Services of the Council.
- 1.11 As illustrated above, the late announcement of the additional £1.9m for Social Care has provided some, but not full, relief to Councils for their unfunded cost pressures and has helped to avert the need for this Council to draw on its reserves to meet the Social Care Funding Gap.

- 1.12 Aside from Social Care, the "cost of living crisis" is being felt across the spectrum of all other Council Services. This is particularly acute in Housing and the escalating demand for Temporary Accommodation. Housing waiting lists are at elevated levels and rising, and homelessness has doubled at an additional cost to the Council of £1.3m. Coupled with the ceasing of the Household Support Fund (£3.8m in 2023/24), the opportunity for supporting the most financially vulnerable residents next year has now been severely curtailed. Whilst it is understood that there will be no "cliff edge", it is not yet clear how this funding will be tapered out.
- 1.13 The imperative for the Council to maintain its record of responsible financial management and to avoid entering 2024/25 with a "structural deficit" has required the Cabinet to identify £2m of Budget Savings. Alongside this, the Council must continue to manage and mitigate a substantial amount of forthcoming budget pressures.
- 1.14 It is the substantial and prolonged financial impact of inflation itself, and the "cost of living crisis" for residents resulting from it, that has led to the unavoidable cost and demand pressures being experienced by the Council. These are the driving factors behind the challenges of setting a "structurally balanced budget" for 2024/25.
- 1.15 Looking ahead beyond the Budget 2024/25, the following 3 Year Forward Forecast for the period 2025/26 to 2027/28 is estimated to be a deficit of £3m, this represents the "Base Case", but which could vary between +/- £5m due to cost risks and funding uncertainty. This deficit of £3m (+/- £5m) is predicated on assumed Council Tax increases of 4.99% per annum, representing 2.99% for general purposes and 2% for Adult Social Care in 2024/25 and all future years of the Forecast.
- 1.16 The driving factors behind the Council's future Forecast Deficit of £3m are the rising costs of Social Care coupled with the anticipated impact of the review of Local Government Funding.
- 1.17 The review of Local Government Funding is now anticipated to take place in 2026/27 at the earliest and is forecast to adversely affect the Council's funding level by £1.5m. The funding review covers the following:
- The "Fair Funding Review", (to determine a new formula methodology which will set each Local Authority's baseline funding level and create "winners and losers")
 - The Retained Business Rates system, which involves the removal of all existing growth retained to date (amounting to £4m) and re-distributing that growth nationally according to relative need (rather than where it was generated).
- 1.18 The most significant risks to the 3 Year Forecast Deficit of £3m to 2027/28 are:
- i) The impact on Council Services of the prolonged elevated levels of inflation both on its own costs and in demand for Council Services
 - ii) Unavoidable cost pressures that may arise, particularly in Care Services
 - iii) The level of successful business rate appeals arising from the revaluation in 2023/24
 - iv) The impact of the review of Local Government Funding described above.

Taking these risks together, the Forecast Deficit has the potential to vary by between +/- £5m, which when spread over 3 years, would therefore amount to annual savings requirements of £1m (Base Case annual sum) +/- £1.67m per annum.

- 1.19 With a "Base Case" Forecast Future Deficit of £3m, the Budget Savings requirements for the future years beyond 2024/25 will be £1m per annum. Given the uncertain nature of the Forecast for future years, the forecast of £1m savings for the years 2025/26, 2026/27 and 2027/28 must be considered as indicative at this stage.
- 1.20 During this unprecedented level of uncertainty, it is imperative that the Council continues to exercise financial restraint and manage its cost base carefully if it is to remain well placed to respond to any inflation and service demand volatility, as well as the review of Local Government Funding. Equally, the Council should retain reserves at the levels proposed in this report to secure the necessary financial resilience to be able to respond in all reasonable circumstances.
- 1.21 The Capital Programme makes proposals for new Capital Expenditure of £33m, of which £19.0m is from Corporate Capital Resources, therefore leveraging in borrowing capability and external funding amounting to £7.8m.
- 1.22 Capital Funding largely comprises specific grants for schemes, grant funding which is required to be passported to Services, or borrowing for Invest to Save Schemes. Genuinely unrestricted Capital Funding (within Corporate Resources) remains scarce and arises from Community Infrastructure Levy receipts and contributions from the Revenue Budget.
- 1.23 Available Capital Resources for 2024/25 have been targeted to:
 - 1) Provide for statutory requirements including School Places, Transport Safety, Homelessness and necessary Health and Safety obligations
 - 2) Ensure that the Council's services to residents continue to operate from safe "fit for purpose" buildings
 - 3) Support the renewal of the Council's aging Leisure Estate and end of life sports and play facilities across the City
 - 4) Continue the Council's environmental agenda, including the downsizing of the Civic Offices and further greening initiatives
 - 5) Continue with the Council's key regeneration opportunity for the City Centre North, aiming to stimulate housing and employment in the Council's most deprived area.
- 1.24 The Council's proposed Budget for 2024/25 will inevitably carry substantial risk seeking to accommodate the uncertain inflationary environment, the continuing pressures in Social Care and the increasing demands for Council Services arising from the "cost of living crisis", all making a compelling case for maintaining the minimum level of General Reserves to be held of £10m.
- 1.25 The key proposals within this report recommend a Budget for 2024/25 that provides for:

- The full financial impact of the extraordinary inflation and associated demand related cost pressures experienced over the past year and extending into 2024/25
- £2.0m of Budget Savings driven by the Social Care Funding Gap that the Council has been unable to mitigate
- A Council Tax increase of 4.99% (2.0% of which is raised specifically to be passported to Adult Social Care)
- Increased spending in Adult Social Care of £9.4m; being greater than the funding provided by the Adult Social Care precept (£1.9m) and the additional Social Care funding from Central Government (£6.0m)
- Increased spending in Children's Services of £5.1m
- A forecast £3m deficit for the 3 year period to 2027/28 but which could vary between +/- £5m
- A minimum savings requirement for 2025/26 of £1m but with any future years' savings beyond 2025/26 subject to review at next year's Annual Budget Meeting (February 2025)
- New Capital Investment of £33m.

1.26 An Executive Summary of these key points and others is set out on the next page.

EXECUTIVE SUMMARY

Context

- Since 2011/12, the Council will have made £108m in savings (49% of controllable spend)
- Adult Social Care and Children's Services representing in excess of 50% of controllable spend, provide services to the most vulnerable, experience the greatest cost pressures and have historically received significant protection from savings
- Funding levels (e.g. Government Funding, Council Tax and Business Rates) have not kept pace with the cost pressures arising from prolonged levels of inflation and the ensuing "cost of living crisis"
- The Council continues to operate in a climate of uncertainty created by prolonged inflation and its volatility, cost of living related increases in demand for services and the forthcoming review of the Local Government Funding system
- The Council's Medium Term Financial Strategy seeks to maximise savings through income generation, economic regeneration and efficiency measures.

Budget Consultation - "The Big Portsmouth Survey" (September 2023)

- The "Top Three" most important service areas for residents at present are, in order of popularity:
 - Ensure people have access to the health and care services they need (68%)
 - Making sure people feel safe and supported in their homes and communities (40%)
 - Regenerate major sites to create homes, jobs and economic opportunities in the City (29%)
- Compared with current levels of spending in Portfolio areas, residents suggest reducing spending in Community, Wellbeing, Health & Care and Children, Families & Education and spending more on Safety in the Community and Housing & Tackling Homelessness
- The "Top Three" priorities for Capital Investment were:
 - Building new homes in the City, including flats offering special care for elderly residents (49%)
 - Invest in greening projects across the City (37%)
 - Create better facilities for sustainable transport such as cycling and walking (37%)
 - Build more classrooms and specialist provisions for children with additional needs (37%)
 - Invest in facilities as part of the new Sea Defences (31%)

EXECUTIVE SUMMARY (Cont'd)

Revised Budget 2023/24

- A Balanced Budget for 2023/24
- Contingency provision for forecast overspendings - Inflation & Demand related costs across Services - £10.0m
- Increased losses at Portico - £2.2m
- Higher pay award - £1.8m
- Improvement in Treasury Management activities £8.7m
- General Reserves at £21.4m.

Budget 2024/25

- A "Structurally Balanced" Budget with General Reserves at £21.2m
- Total increase in spending of £20.1m (including all cost and inflationary pressures)
- Total Savings of £2.0m necessary to offset the extraordinary costs of inflation and demand related budget pressures
- Additional Spending in Children's Services of £5.1m (to cover existing overspendings and other unavoidable cost pressures)
- Additional Spending in Adult Social Care of £9.4m (including the uplift in the National Living Wage of 9.8% that will be passed to care providers as well as all other inflationary pressures)
- An inflationary uplift for all Services at an average of 6.4% in order to maintain "steady state" services and amounting to £2.6m (excluding Adult Social Care & Children's Services above)
- Additional Government Funding of £5.2m for 2024/25, with £6.0m provided for Social Care but a cut for all other services of £0.8m
- A Council Tax increase of 4.99%, of which:
 - 2.99% is for general council services
 - 2.0% (amounting to £1.9m) is to be passported directly to Adult Social Care
- Sums set aside within the Council's Corporate Contingency for known risks including Temporary Accommodation, Port Health, Buildings Maintenance and all other known and potential liabilities.

EXECUTIVE SUMMARY (Cont'd)

Future Forecast - 2025/26 to 2027/28

- A Forecast Deficit for the new 3 Year Period to 2027/28 of £3m but predicated on a Council Tax increase of 4.99% per annum, representing 2.99% for general purposes and 2.0% for Adult Social Care
- A minimum requirement for Budget Savings of £1m for 2025/26
- Potential for the "Forecast Deficit" of £3m to vary between +/- £5m due to the considerable uncertainty associated with inflation and unavoidable cost pressures that may arise (particularly in Care Services), business rate appeals arising from the 2023/24 revaluation and the forthcoming review of Local Government Funding
- An assumption that the Council will introduce a 100% Council Tax premium for second homes commencing in April 2025
- Future forecasts make some provision for contributions towards necessary Capital Investment requirements
- General Reserves are maintained at circa. £21m over the period
- The Council will need to continue to exercise financial restraint and manage its cost base carefully to remain well placed to respond to any inflation and service demand volatility as well as the review of Local Government Funding.

Capital Programme 2023/24 to 2028/29

- Total New Capital Investment of £33m
- Key Investments include:
 - School places across Secondary and Special School Sectors - £7.5m
 - New Leisure Centre incl. Pool, Sports Facilities and GP Surgery - £6.6m
 - Port Shore Power facilities - £5m
 - Critical Buildings Maintenance - £2.5m
 - Transport and Street Environment improvements (including active travel) - £5.2m.

Conclusion

- The Council's financial health is sound and remains well placed to face future inflationary and demand volatility as well as the uncertainty arising from the review of Local Government Funding.

2. Purpose of report

- 2.1 The primary purpose of this report is to set the Council's overall Budget for the forthcoming year 2024/25 and the associated level of Council Tax necessary to fund that Budget.
- 2.2 The report makes recommendations on the level of Council spending for 2024/25 and the level of Council Tax in the context of the Council's Medium Term Financial Strategy, with its stated aim as follows:

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being innovative, creative and protecting the most important and valued services

- 2.3 The recommended Budget for 2024/25 has been prepared on the basis of the following:
- The requirement to meet savings amounting to £2.0m to achieve a "structurally balanced budget" and accommodate the substantial cost pressures being driven by extraordinary levels of inflation and service demand
 - An increase in the level of Council Tax for 2024/25 for general purposes of 2.99%
 - The flexibility to increase the level of Council Tax for an "Adult Social Care Precept", within the limits set by Central Government at 2.0%, and the direct passporting of that additional funding to Adult Social Care to provide for otherwise unfunded cost pressures including the 9.8% increase in the National Living Wage.
- 2.4 This report also provides a comprehensive revision of the Council's rolling 3 Year Forward Financial Forecast for the new period 2025/26 to 2027/28 (i.e. compared to the previous forecast covering 2024/25 to 2026/27, this forecast now replaces the forecast for the previous 3 year period).
- 2.5 The new forecast considers the future outlook for both spending and funding, and in that context, wider recommendations are made regarding the levels of reserves to be maintained and additional contributions to the Capital Programme in order to meet the Council's needs and aspirations for the City, as well as maintaining the Council's overall financial resilience throughout this uncertain period.
- 2.6 In particular, this report sets out the following:

- (a) The impact of the dramatic change in the financial environment over the past 2 years and how that legacy translates into the financial challenges now presented for 2024/25 and beyond
- (b) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings
- (c) The revised Revenue Budget and Cash Limits for the current year
- (d) The Local Government Finance Settlement for 2024/25
- (e) The Business Rate income for 2024/25 and future years
- (f) The Council Tax base and recommended Council Tax for 2024/25
- (g) The forecast Collection Fund balance as at 31 March 2024 for both Council Tax and Business Rates
- (h) The detailed indicative savings (Appendix C) that could be made by each Portfolio / Committee in meeting its overall savings amount in order to provide the Council with the assurance necessary to approve the recommended savings amount for each Portfolio / Committee
- (i) The proposed Revenue Budget and Cash Limits for 2024/25
- (j) The forecast Revenue Budgets for 2025/26, 2026/27 and 2027/28
- (k) Estimated General Reserves over the period 2023/24 to 2027/28
- (l) The Medium Term Resource Strategy (MTRS) Reserve, its financial position and proposed use to achieve cashable savings
- (m) The proposed Capital Programme and "new starts" (including the Housing Investment Capital Programme) for 2024/25 and future years in accordance with the Capital Strategy
- (n) The Statement of the S.151 Officer on the robustness of the budget in compliance with the requirements of the Local Government Act 2003.

3. Recommendations

3.1 That the following be approved in respect of the Council's Budget:

- 1) The revised Revenue Estimates for the financial year 2023/24 and the Revenue Estimates for the financial year 2024/25 as set out in the General Fund Summary (Appendix A)
- 2) The Portfolio Cash Limits for the Revised Budget for 2023/24 and the Budget 2024/25 incorporating the savings amounts for each Portfolio and amounting to £2.0m as set out in Sections 7 and 11, respectively
- 3) To maintain the overall financial resilience of the Council, any underspendings arising at the year-end (outside of those made by Portfolios) be transferred either to Capital Resources to fund future Capital Programmes, the MTRS Reserve or General Reserves with the level of each transfer to be determined by the S.151 Officer
- 4) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves

- 5) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- 6) That the level of Council Tax be increased by 2.99% for general purposes in accordance with the referendum threshold¹ for 2024/25 announced by Government (as calculated in recommendation 3.4 (d))
- 7) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation 3.4 (d)) to take advantage of the flexibility offered by Government to implement a "Social Care Precept", and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,922,600 is passported direct to Adult Social Care
- 8) Managers be authorised to incur routine expenditure against the Cash Limits for 2024/25 as set out in Section 11
- 9) That a minimum savings requirement of £1m for 2025/26 be set at this stage but that this is kept under review, pending any significant impact on the Council's future Forecast that may arise during 2024/25
- 10) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished
- 11) The minimum level of General Reserves as at 31 March 2025 be maintained at £10.0m to reflect the known and expected budget and financial risks to the Council
- 12) The Revised Capital Programme 2023/24 to 2028/29 attached at Appendix E which includes all additions, deletions and amendments for slippage and re-phasing
- 13) The S.151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
- 14) That the S.151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and also for any match funding requirements that may be required of the City Council in order to secure additional external capital funding (e.g. bids for funding from Government or any other external source)
- 15) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & S.151 Officer, the schemes described in Appendix D be reflected within the recommended Capital Programme 2023/24 to 2028/29
- 16) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & S.151 Officer, that delegated authority to borrow up to £15m per year be granted in order that the Council can enter into transactions in an efficient and timely fashion and avoid the risk of lost opportunities which may be of a time critical nature
- 17) The Prudential Indicators described set out in Appendix F be approved

¹ Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

18) Members have had regard for the Statement of the S.151 Officer in accordance with the Local Government Act 2003 as set out in Section 16.

3.2 That the following be **noted** in respect of the Council's Revenue Budget and Capital Programme:

- 1) The Revenue Estimates 2024/25 as set out in Appendix A have been prepared on the basis of a 2.0% tax increase for the "Social Care Precept" (amounting to £1,922,600) and that this is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the current underlying budget deficit, the cost of the National Living Wage and demographic pressures arising from a "living longer" population
- 2) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 2.0% tax increase is not taken, then equivalent savings will need to be made in Adult Social Care in 2024/25
- 3) In general, any reduction to the proposed increase in the level of Council Tax for 2024/25 will require equivalent offsetting savings to be made in order for the Budget 2024/25 to be approved. Each 1% reduction requires additional savings of £961,300 to be made
- 4) The indicative savings proposals set out in Appendix C which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in paragraph 3.1 2) above, are robust and deliverable
- 5) The likely impact of savings as set out in Appendix C
- 6) That the responsibility of the Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the Council to approve any individual savings within those Portfolios / Committees
- 7) That it is the responsibility of the individual Portfolio Holders (not Full Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix C with alternative proposal(s) amounting to the same value within their Portfolio
- 8) Managers will commence the implementation of the approved savings required and any necessary consultation process or notice process
- 9) The Revenue Forecast for 2025/26 to 2027/28 as set out in Section 12 and Appendix B
- 10) That, at this stage, the Council's Future Forecast for the 3 Year Period 2025/26 to 2027/28 is estimated to be a £3m Deficit; this is the Council's "central base case scenario" but due to the uncertainty associated with inflation, unavoidable cost pressures that may arise (particularly in Care Services), business rate appeals arising from the 2023/24 revaluation and the forthcoming overhaul of Local Government Funding, this could vary by +/- £5m
- 11) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £7.3m and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required

- 12) The Council's share of the Council Tax element of the Collection Fund surplus for 2023/24 is estimated to be £2,357,452
- 13) The Council's share of the Business Rate element of the Collection Fund surplus for 2023/24 is estimated to be £5,021,116
- 14) The Retained Business Rate income² for 2024/25 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2024, the Non Domestic Rates poundage for 2024/25 and estimated rateable values for 2024/25 and has been determined at £70,907,151
- 15) That Cabinet Members, in consultation with the S.151 Officer, have authority to vary Capital Schemes and their associated funding within or across Portfolios in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
- 16) That Cabinet Members, in consultation with the S.151 Officer, have authority to vire funding between Portfolios (both Revenue and Capital Budgets) in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
- 17) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes.

3.3 That the S.151 Officer has determined that the Council Tax base for the financial year 2024/25 will be **58,299.40** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

3.4 That the following amounts be now calculated by the Council for the financial year 2024/25 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£543,649,931	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£442,724,925	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£100,925,006	Being the amount by which the aggregate at 3.4 (a) above exceeds the aggregate at 3.4 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,731.15	Being the amount at 3.4(c) above (Item R), all divided by Item 3.3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

² Includes Retained Business Rates £42,006,006, "Top Up" £6,736,612, a surplus on the Collection Fund of £5,021,116 plus S.31 Grants of £17,143,417 for compensation due to national Government business rate relief initiatives

(e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
1,154.10	1,346.45	1,538.80	1,731.15	2,115.85	2,500.55	2,885.25	3,462.30

Being the amounts given by multiplying the amount at 3.4(d) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- 3.5 That it be noted that for the financial year 2024/25, the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A £	B £	C £	D £	E £	F £	G £	H £
174.31	203.36	232.41	261.46	319.56	377.66	435.77	522.92

- 3.6 That it be noted that for the financial year 2024/25, for Hampshire and Isle of Wight Fire and Rescue Authority it is recommended that the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire and Isle of Wight Fire and Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
55.23	64.43	73.64	82.84	101.25	119.66	138.07	165.68

- 3.7 That having calculated the aggregate in each case of the amounts at 3.4(e), 3.5 and 3.6 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2024/25 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
1,383.64	1,614.24	1,844.85	2,075.45	2,536.66	2,997.87	3,459.09	4,150.90

- 3.8 The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2024/25, which represents a 4.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act; and it be noted that:

- i) The 4.99% increase includes a 2.0% increase to support the delivery of Adult Social Care
- ii) As the billing authority, the Council has not been notified by a major precepting authority (the Hampshire Police & Crime Commissioner or the Hampshire and Isle of Wight Fire and Rescue Authority) that its relevant basic amount of Council Tax for 2024/25 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.

3.9 The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire and Isle of Wight Fire and Rescue Authority precepts.

4. Budget Consultation

4.1 The budget consultation was included within a broader online survey - The Big Portsmouth Survey Wave 5. The survey was available from 24 July 2023 to 03 September 2023 and has been used to assist the Cabinet in formulating its Budget proposals. The consultation was promoted through the following channels:

- Press release announcing start of consultation
- Social media promotion including boosted posts and adverts
- PCC website
- PCC email marketing distribution lists
- Inclusion in news bulletins
- Inclusion in staff bulletins and all-staff emails.

4.2 Using the various channels of marketing and communications listed above, the consultation attracted 2,652 responses (1,519 responses in 2022). Assuming a 'total population' of 170,818 people (the latest 2021 census data from the Office for National Statistics for people aged 16+ in Portsmouth), this volume of responses ensures a 95% confidence level with a margin of error of 2%.

4.3 The Executive Summary of the "Budget Consultation 2023 (Relating to 2024/25 Fiscal Year)" is reproduced below:

Summary of Findings - "The Big Portsmouth Survey" (September 2023)

4.4 Key findings from the budget consultation are outlined below:

- The core responsibilities residents feel are most important are 'keep the city clean, tidy and safe', 'collect the bins and offer recycling opportunities', 'maintain our transport infrastructure, parks, open spaces and sports provision' and 'ensure older people and vulnerable adults are looked after and supported to live independently'.
- The top broader priority respondents feel the council should focus on is 'ensure people have access to the health and care services they need' (68%). Further

analysis shows there is no geographical variation in priorities between respondents from different postcode districts.

- When asked to divide a hypothetical £100 between the council's nine portfolios, respondents allocate the highest proportion of funding, on average, to 'community wellbeing, health and care' (18%) and 'children, families and education' (18%) - both represent a decrease on the current budget allocation (-12 and -9 percentage points respectively).
- Respondents would like to see the budget allocation for 'safety in the community' increased by ten percentage points, and 'housing and tackling homelessness' increased by nine percentage points.
- Three quarters of respondents agree that the council should be spending more money on environmental, climate change and greening projects
- Respondents who left further comments on the consultation survey feel that the council should spend more on 'healthcare' (15%), 'police, crime, anti-social behaviour and safety' (15%), the environment (12%) and housing (12%)
- Respondents feel that 'building new homes in the City, including flats offering special care for elderly residents' (49%) is the most important project for the Council to spend its capital budget on. This is followed, in order of popularity, by 'invest in greening projects across the city'(37%), 'create better facilities for sustainable transport such as cycling and walking' (37%),and 'build more classrooms and specialist provisions for children with additional needs' (37%).
- A larger proportion of females compared to males took part in the consultation survey (58%). In line with usual trends in council consultations, a large proportion of respondents are aged 55 and over (58%).
- The vast majority of respondents are White (97%), and 29% of respondents in the consultation sample have a disability or long-term illness.

4.5 The full analysis can be found in Appendix G.

5. Medium Term Financial Strategy

5.1 The Council has been required to make £108m in savings and efficiencies over the past 13 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels. This represents 49% of all controllable spending.

5.2 To deliver this magnitude of savings, the City Council has followed a Medium Term Financial Strategy (for both Revenue and Capital) with an emphasis on regeneration, innovation and creativity leading to stimulation of the funding base (Council Tax and Business Rates) and income generation as a means to make savings and avoid cuts to services. This is illustrated on the next page.

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being innovative, creative and protecting the most important and valued services

STRAND 1 - Short / Medium Term

Transforming to an Innovative and Creative Council - through income generation

STRAND 2 - Medium / Long Term

Reduce the Extent to which the Population Needs Council Services - through improving prosperity and managing demand

STRAND 3 - Short / Medium Term

Increasing Efficiency & Effectiveness - by improving value for money across all services

STRAND 4 - Short Term

Withdraw or Offer Minimal Provision for Low Impact Services

- 5.3 With an emphasis on innovation and regeneration activities, there is a presumption that Capital Investment will also be targeted towards income generation and economic growth once the Council's statutory obligations have been met.

6. Revised Budget 2023/24

- 6.1 The original Revenue Budget approved by the City Council on 28 February 2023 was £201,586,700 and did not rely on any draw down from General Reserves.
- 6.2 The Cabinet has received regular quarterly Budget Monitoring reports on the 2023/24 Budget throughout the year. Those forecasts have consistently reported a broadly balanced position overall but with significant overspendings amounting to almost £7m being met from a combination of the Council's Corporate Contingency, Portfolio

Reserves and a significant forecast underspending in the Council's Treasury Management activities.

6.3 In the main, the forecast overspendings in the current year's Budget will endure into 2024/25 and future years but the offsetting underspend in Treasury Management will not. The main forecast overspendings in the current year are:

- Children, Families and Education - £2.0m
- Adult Social Care - £2.8m
- Housing & Tackling Homelessness - £1.6m.

To accommodate these forecast Portfolio overspends and other potential risks, £10m has been set aside within the Council's Corporate Contingency.

6.4 Other key adjustments to the Council's Revised Budget 2023/24 have been made to accommodate the following:

- Increased losses at Portico - £2.2m
- Higher pay award - £1.8m
- Improvement in Treasury Management activities £8.7m.

6.5 The legacy impact of the prolonged period of extraordinary levels of inflation and ensuing "cost of living" crisis have been the defining factors affecting the Budget in the current year and will continue to do so into 2024/25. Whilst the additional costs have been substantial, the combination of improved returns from the Council's Treasury Management activities plus the funding provided by the Council's Corporate Contingency and Portfolio Reserves has enabled the Budget 2023/24 to remain in balance.

6.6 The Original Budget has now been comprehensively revised and it is proposed to reduce the Budget to £201,487,000, an overall reduction of £99,700 or 0.05%. Whilst spending has reduced, estimated funding has also reduced by £302,900, a net movement of £203,200.

6.7 As a consequence of the net deterioration in the Council's financial position of £203,200, the originally planned £99,300 contribution to General Reserves is now a £103,900 withdrawal from General Reserves.

6.8 The Revised Revenue Budget is set out in the General Fund Summary (Appendix A).

7. Revised Cash Limits 2023/24

7.1 The Cash Limits relate to that element of the Budget that is Portfolio and Service related and is controllable. Cash Limits are allocated to Portfolio Holders and Managers to spend so that there is clear accountability for spending decisions.

7.2 The Cash Limits for 2023/24 have been revised to take account of:

- Items released from Contingency in the current year
- Windfall savings and windfall costs

- Passporting of grants that were received for new burdens or specific purposes
- Adjustments to reflect forecast underspends, transfers to / from Portfolio reserves, additional unavoidable costs and other City Council decisions throughout the year.

7.3 The table on the next page sets out the revised Cash Limits for 2023/24 and those items outside the Cash Limit (e.g. capital and similar charges, levies and insurance premiums), which together form the Revised Budget for each Portfolio.

Portfolio	Revised Cash Limits 2023/24 £'000	Items Outside the Cash Limit £'000	Revised Budget 2023/24 £'000
Children, Families & Education	50,257	17,923	68,180
Climate Change and Greening the City	24	0	24
Community, Wellbeing, Health & Care	54,742	5,034	59,776
Culture, Leisure & Economic Development	11,293	5,107	16,400
Environmental Services	15,169	1,565	16,734
Housing & Tackling Homelessness	3,365	3,138	6,503
Leader	(23,557)	1,514	(22,043)
Planning Policy & City Development	1,431	0	1,431
Resources	24,894	7,057	31,951
Safety in the Community	2,757	556	3,313
Transport	12,433	9,923	22,356
Licensing Committee	(167)	102	(65)
Portfolio Expenditure	152,641	51,919	204,560

7.4 The current policy is that any overspend against the cash limit will in the first instance be deducted from any Portfolio reserve or, if that is exceeded, from the following financial year's cash limit.

8. Revenue Budget 2024/25

8.1 As described in the previous section, the legacy "hangover" from Social Care, Housing and the Pay Award in the current year, in total amounting to £8.2m in addition to inflationary costs in 2024/25 at £9.4m across all Services, are the defining factors for the 2024/25 Budget which in total has increased by £20.1m. This is explained further below.

Budget & Inflationary Pressures 2024/25

8.2 In the current financial year, a number of Portfolios are exhibiting signs of financial stress largely relating to the effects of the high inflation / high demand environment, the impact of which is expected to endure into 2024/25 and beyond. At the mid-point of the year (September 2023) the Consumer Price Index (CPI), the main measure of inflation, was 6.7% versus the Office of Budget Responsibilities central assumption of 5.5% and pay increased by 6.7% versus a budget assumption of 4.0%. Inflation

and demand in the Care Services specifically were at levels significantly greater than budgeted and the demand for temporary accommodation doubled.

8.3 These pressures emanating in 2023/24 and their ongoing impact plus all other inflationary and unavoidable Budget Pressures have been factored into the Budget for 2024/25. The Budget proposal for 2024/25 represents an increase in spending of £20.1m over the Budget for 2023/24 and includes additional costs and inflationary pressures as follows:

- Additional Spending in Adult Social Care of £9.4m (to include overspendings in the current year, inflation and the uplift in the National Living Wage of 9.8% that will be used to support care providers as well as all other cost and inflationary pressures)
- Additional Spending in Children's Services of £5.1m (to include inflation, existing overspendings in the current year, Home to School Transport, Placement Costs and additional Social Worker costs)
- An inflationary uplift for all Services to maintain "steady state" provision amounting to £2.6m (excluding Adult Social Care and Children's Services above)
- Additional Costs of Temporary Accommodation - £1.3m
- Other Windfall Costs and unavoidable Budget Pressures - £1.7m
- The Council has also made Budget provision within the Corporate Contingency for the costs associated with the D-Day 80 Anniversary.

8.4 The paragraphs that follow describe the Council's funding position alongside the spending and savings proposals that provide for a "structurally balanced" Budget for 2024/25.

Funding - Summary of the Local Government Finance Settlement

8.5 The Local Government Finance Settlement is the term used to describe the main non-ring-fenced Revenue and Capital grant funding allocations from Government.

8.6 In overall terms the provisional Local Government Settlement has provided additional grant funding in 2024/25 of £5.2m as follows:

- i) Increase in Social Care Grant (for Adult Social Care and Children's Services) - £4.7m
- ii) Social Care market sustainability & improvement - £0.5m
- iii) Support for hospital discharge - £0.8m
- iv) Reduction in Grants for all other Services - £0.8m

8.7 Set against the new funding of £6.0m of funding from Social Care (Adults and Children) are the existing and known Budget Pressures across those Services of £14.5m, leaving a funding shortfall of £8.5m. Therefore, further funding from the Adult Social Care Precept of £1.9m is required to narrow the gap between these cost pressures and the funding available.

8.8 Other features of the Settlement include:

- A 1 year Settlement for 2024/25
- No increase in the Improved Better Care Fund, therefore remaining "cash flat"
- Council Tax increase thresholds of:
 - 3.0% or £5 for Shire District Councils
 - 3.0% for Upper Tier and Unitary Councils
 - 2.0% for Adult Social Care (Upper Tier Authorities only)
 - 3.0% for Fire and Rescue Authorities
 - £13 for Police & Crime Commissioners
- No announcement regarding the future of the Household Support Fund although it is anticipated that it will be tapered out over 2024/25.

8.9 It has now been 8 years since the Government first announced that it would consult and implement a Local Government Funding Review. The Funding Review has been further delayed and is not expected to be implemented until 2026/27 at the earliest. The Funding Review covers the following:

- The "Fair Funding Review" (to determine a new formula methodology which will set each Local Authority's baseline funding level and create "winners and losers")
- The Retained Business Rates system which involves the removal of all existing growth retained to date (amounting to £4m) and re-distributing that growth nationally according to relative need (rather than where it was generated) and in accordance with the "Fair Funding Review" formula (above).

8.10 Whilst the Local Government Finance Settlement is a significant factor in determining the Council's overall financial position and therefore any necessary savings, other significant factors that will affect the Council's future financial position include Business Rates income, Council Tax income, inflation, interest rates and any new unfunded burdens passed down from Government. These are described in the paragraphs that follow.

Funding - Retained Business Rates 2024/25 & Future Forecasts

8.11 The Retained Business Rates system is complex and subject to a significant degree of inherent risk. The current national system is characterised by a complex formula which includes the following:

- i) Retention of 50%³ of all business rates received and which is affected by the value of successful appeals, the number of mandatory reliefs (e.g. charitable relief) and the overall collection rate (i.e. how much is uncollectable and written off)
- ii) Increased by a fixed amount "top up" which increases annually by the rate of inflation

³ 49% To the City Council and 1% to the Hampshire and Isle of Wight Fire & Rescue Authority

- iii) Compensation through S.31 Grants for national government initiatives which have the effect of reducing Business Rates to the Local Authority such as business rate capping for small businesses
 - iv) A "safety net" set at 7.5% below a pre-determined baseline below which retained Business Rates will not fall.
- 8.12 In total, for 2024/25, Retained Business Rates are estimated at £70.9m⁴ which includes a surplus relating to the previous year of £5.0m (although this partly relates to timing differences which are neutral on the overall financial position, with the remainder being of a "one-off" nature and used to "even out" business rate income volatility over time).
- 8.13 The estimation of Business Rate receipts is extremely complex, with the potential to be volatile and with many of the factors outside this Council's control. In particular, the Valuation Office Agency will determine whether a rating appeal is successful, and the level of reduction granted with the Council having no right of challenge. To help mitigate against this risk, the Council maintains a reserve to provide the Council with a degree of funding stability in the event of fluctuations within and between years.
- 8.14 Despite the complications and risks associated with appeals, there remains the financial incentive within the system for many Local Authorities (including Portsmouth⁵) to generate economic growth and job creation. Irrespective of the financial incentive, the Council's Medium Term Financial Strategy is aimed at reducing the need for Council Services generally and therefore growth, jobs and prosperity are vital to achieve that.
- 8.15 From 2026/27, there is expected to be a review of the Business Rate Retention Scheme, the details of which are not yet known. The review will include a "Reset" which will remove all current business rate growth currently being enjoyed by authorities and which, for the Council, amounts to £4.0m⁶.
- 8.16 The Business Rate growth enjoyed by all Councils will be removed from Councils, aggregated and then re-distributed based on "Need" through the Fair Funding Review. If the Council's "Relative Needs" have increased by more than the average of all other Councils, then the Council will be a "winner " in terms of the re-distribution and vice versa.

Funding - Council Tax Proposals 2024/25 & Future Years

Collection Fund Balance (Council Tax Element) 2023/24

- 8.17 The Collection Fund is the account into which are paid amounts collected in respect of Council Tax and out of which are paid the Council Tax precepts to:
- Portsmouth City Council (83.2% share)
 - Hampshire Police & Crime Commissioner (12.7% share)

⁴ Includes Retained Business Rates £42,006,006, "Top Up" £6,736,612, a surplus on the Collection Fund of £5,021,116 plus S.31 Grants of £17,143,417 for compensation due to national Government business rate relief initiatives

⁵ Applies to Local Authorities that, in general, remain above the safety net threshold over time

⁶ Based on 2023/24 Estimates in a 50% Business Rate Retention Scheme

- Hampshire and Isle of Wight Fire and Rescue Service (4.1% share)

In the event that actual Council Tax income receivable is different from the estimated income (informed by the calculation of the Council Tax Base) upon which the precepts are based, then a surplus or deficit will arise.

For 2023/24, it is estimated that the Collection Fund will be in surplus by £2,831,968. The Portsmouth City Council element of that amounts to £2,357,452.

This surplus is factored into the Council Tax income estimates for 2024/25.

Council Tax Amount

- 8.18 The Council has a relatively low taxbase and a relatively low tax charge. That means that both the average Council Tax band is low, and the amount of Council Tax charged to residents is also low compared with our statistical neighbours. By illustration, the Council receives circa £9.0m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group, and therefore Portsmouth City Council has a 9.4% lower Council Tax.
- 8.19 The level of Council Tax charged is an important factor in relation to the Fair Funding Review, which will make a deduction to a Local Authority's overall funding allocation in respect of the amount that can be raised locally through Council Tax. The Council's past decisions to maintain a low level of Council Tax have been, and are expected to continue to be, a disadvantage in relation to the Council's funding allocation after the Fair Funding Review. This is because the funding formula is expected to continue to make a deduction based on a *national average level of Council Tax* which is currently significantly higher than that of Portsmouth, resulting in a higher deduction than the Council currently raises in Council Tax.
- 8.20 Council Tax is expected to represent 47% of the Council's total revenue funding next year and as Government funding has reduced, this has become an increasingly more important and dependent funding source for the Council.
- 8.21 Council Tax for the average Council Tax payer in Portsmouth (Band B) currently amounts to £1,540.59, of which £1,282.45 (83%) is the City Council element. Not all residents are subject to the full amount of Council Tax with many benefitting from exemptions and discounts (such as the single person discount) and a significant number of residents receiving Local Council Tax Support bringing the level of Council Tax payable to an assessed affordable level. After discounts, exemptions and Local Council Tax Support is taken into account, circa. 57% of all properties are subject to the full level of Council Tax.
- 8.22 The Provisional Local Government Finance Settlement for 2024/25 confirmed a Council Tax increase limit for general purposes (i.e. referendum threshold) of 2.99%. Any increase beyond the 2.99% threshold can only be implemented following a "Yes" vote in a local referendum.
- 8.23 As described more fully earlier in this report, the actual level of inflation for the Council in 2024/25, taking into account pay and price rises that the Council is exposed to specifically, significantly exceeds the level of increase allowed in the Council Tax. The Council's estimated inflation amounts to a composite 6.4%.

- 8.24 The additional flexibility to apply a Council Tax increase for the Adult Social Care Precept has been provided in recognition of the extreme cost pressures facing Adult Social Care, both through the increase in the National Living Wage (which has increased by 9.8% and affects the Council's contracts with Care Providers for Adults) as well as the demographic pressures from general aging and a "living longer" population.
- 8.25 For Portsmouth City Council, it is vital that the flexibility of the Adult Social Care (ASC) Precept is taken for the following reasons:
- The Service is already experiencing Budget Pressures in the current year, which for 2024/25 are expected to amount to £2.8m
 - The National Living Wage increase of 9.8% plus other demand and inflationary pressures facing the Service amount to £6.6m (in addition to the £2.8m above)
 - Additional funding from Government to cover both Adult Social Care and Children's Services unavoidable cost pressures results in an overall Social Care Funding Gap of £8.5m⁷
 - The alternative to not applying the 2% ASC Precept would be to increase the level of savings required by the Service, presenting risks to the wider health system.
- 8.26 Given the scale of cost and inflationary pressures generally and in particular the demographic pressures within both Adult Social Care and Children's Services, it is proposed that:
- i) The Council Tax for General Purposes be increased by 2.99% for 2024/25, representing 74p per week for a Band B tax payer and yielding £2.9m
 - ii) Adult Social Care precept be increased by 2.0% for 2024/25, representing 49p per week for a Band B tax payer and yielding £1.9m to be passported direct to Adult Social Care.
- 8.27 The Council could elect not to increase the level of Council Tax by 4.99% but if it chose to do so would need to identify additional savings to maintain "structural budget" balance over and above the £2.0m savings proposed. For every 1% reduction in Council Tax, additional savings of £961,300 will be required.

Council Tax Base

- 8.28 The Council Tax Base (i.e. the number of Band D equivalent properties paying the full Council Tax) has been determined as **58,299.4** for 2024/25.

Total Council Tax Income 2024/25 & Future Years

- 8.29 Considering the Council Tax increase, Council Tax Base and the surplus on the Collection Fund, the total Council Tax income for 2024/25 is estimated at £103,282,458.

⁷ Children's Services cost pressures £5.1m, Adults Social Care cost pressures £9.4m less Increase in Social Care Grants of £6.0m

8.30 As Government funding reduces, rises in Council Tax income are fundamental to the Council's future financial position and therefore the future sustainability of Council Services. The Council's Medium Term Financial Forecast assumes that Council Tax Income will rise to £117,162,373 by 2027/28 and is based on the following assumptions:

- Annual increase in the amount of Council Tax of 4.99% for 2024/25 and each year thereafter (including 2% p.a. for the Adult Social Care Precept)
- An increase of £1.1m due to the adoption of a policy to introduce a 100% Council Tax Premium on Second Homes from April 2025.

Funding Summary

8.31 Over the 3 year period of the Council's forecast, funding is anticipated to rise by just 5.5% (or an average of 1.8% p.a.), reflecting:

- Increases in Council Tax of 4.99% per annum and the introduction of a 100% Premium on Second Homes
- Government Funding rising in line with inflation
- Inflation related rises in Business Rate income but offset by a loss of income arising from the review of Local Government Funding amounting to £1.5m.

Cumulative Effects of the Overall Local Government Funding System

8.32 Over the past 11 years and including the coming year, the emphasis of the Local Government Funding system has changed considerably. There are clear financial incentives for Local Authorities to promote business growth and increase employment. This is illustrated by the following:

- The Business Rates retention scheme allows the City Council to retain (for a period of time between "resets") circa £0.7m for every 1% increase in Business Rate growth (under the 50% BRR scheme). Equally, the City Council will lose £0.7m for every 1% decline in the Business Rate base
- The risk of increased numbers of households requiring financial support to pay their Council Tax (formerly Council Tax Benefit) falls on the City Council. The City Council therefore will be worse off if caseloads increase, and better off if caseloads fall. The estimated value of the Council Tax support for 2024/25 is £11.4m. Each 1% change therefore will represent a cost / saving of £114,000.

8.33 Whilst the Fair Funding Review and Business Rate Retention Scheme (expected to be introduced in 2026/27) may alter these incentives, it is still expected that they will remain significant given the continued drive to incentivise Local Councils to stimulate their local economies. It is important, therefore, that when the Council is developing policy and strategy and making its decisions, particularly relating to the Capital Programme, it is cognisant of these financial incentives.

Revenue Contributions to Capital

- 8.34 As described in detail later in this report, new Capital Investment totalling £33.0m is proposed. This level of investment relies on a number of funding sources provided either by the Council or from external grants and contributions. For 2024/25, £19.0m is being provided by the Council in the form of "cash backed" funding. A further £6.2m is provided from Earmarked Reserves and £7.8m from Council borrowing, both of these sums being subject to a satisfactory business case and financial appraisal approved by the S.151 Officer.
- 8.35 Capital Funding available for new Capital Investment remains constrained. It largely comprises:
- i) Specific grants for schemes awarded through a bidding process for external funding and therefore only available to support that bid
 - ii) Grant funding which is required to be passported to Services
 - iii) Borrowing for Invest to Save Schemes
 - iv) Genuinely unrestricted Capital Funding (within Corporate Resources) arising from Community Infrastructure Levy receipts and contributions from the Revenue Budget.
- 8.36 Furthermore the ability to provide funding from the Revenue Budget has also been constrained due to the scale of the demand and inflationary pressures that the Council are experiencing, and has denied the Council the opportunity to make any Revenue Contribution to the Capital Programme in either 2023/24 or 2024/25.
- 8.37 Looking ahead, if the Council is to meet both its aspirations and operationally essential Capital Investment needs, future Revenue Contributions to the Capital Programme will inevitably be required. Whilst bidding for external capital funding will always form part of the strategy to fund Capital Investment requirements, not all investments will be either eligible or successful. The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital funding which may be available. With core capital funding of circa £7m from annual capital grants (mainly passported), capital receipts and CIL contributions that the Council receives, there is a hugely significant shortfall ("Capital Gap") to be met.
- 8.38 Given that this Capital Investment is necessary for both the Council's statutory obligations and also to transform the City's growth potential, it is vital that the Council makes provision for Revenue Contributions to Capital wherever possible. To fulfil even some of the future obligations and aspirations, further revenue contributions to Capital will be required in future years and will need to be embedded within the Council's financial planning process.

9. Budget Savings Proposals for 2024/25

- 9.1 At last year's Annual Budget Meeting in February 2023, forecasts for this coming financial year 2024/25 and the subsequent two financial years estimated that the overall Budget position would be in balance and no savings would be required for 2024/25. That report however, cautioned that the Forecast could vary by +/- £1.67m

per annum due to the uncertainty and volatility associated with inflation alongside unavoidable cost pressures that may arise in Social Care.

- 9.2 Since those forecasts were prepared in February last year, as described, the financial environment has remained challenged with prolonged and elevated levels of inflation leading to unavoidable and unplanned cost increases in the current year which will leave a lasting legacy on the cost of Council Services flowing into 2024/25 and beyond. There is a need for the Council to approve £2m of budget savings to contribute towards the Social Care Funding Gap and achieve a "structurally balanced" Budget for 2024/25.
- 9.3 The Cabinet's budget savings proposals are aligned with the Medium Term Financial Strategy previously described in Section 5 and have been prepared, paying due regard to the responses from the Budget Consultation described previously and the Cabinet's strategic priorities. The proposed savings amounts to be made by each Portfolio, and which are recommended for approval, are attached at Appendix C.
- 9.4 A summary of the overall savings proposals for 2024/25, by Portfolio, is set out below:

Portfolio	Saving 2024/25	
	£	%
Children, Families and Education	103,000	0.2%
Community, Wellbeing, Health & Care	659,000	1.2%
Culture, Leisure, and Economic Development	6,000	0.1%
Environmental Services	622,000	4.5%
Housing & Preventing Homelessness	0	0.0%
Leader	100,000	0.4%
Planning Policy and City Development	25,000	1.7%
Resources	470,000	1.9%
Safety In The Community	0	0.0%
Transport	15,000	0.2%
Grand Total	2,000,000	1.4%

- 9.5 Inevitably, there are several financial risks contained within the proposals for making savings of the scale of £2.0m (or 1.4%) on the back of making £108m in savings and efficiencies over the past 13 years. The risks are unavoidable. For those risks with the highest likely impact, mitigation strategies are being developed.
- 9.6 It is important to note that the Council's responsibility is to set the overall Budget of the Council and determine the cash limits for each Portfolio. It is not the responsibility of the Council to approve the detailed savings that need to be made in order for the Portfolio to meet its cash limit. The Council do need to have the confidence that the recommended savings for each Portfolio are deliverable and what the likely impact of delivering those savings might be. Indicative savings that are likely to be necessary in delivering the overall Portfolio savings are attached at Appendix C, and whilst the detailed savings are not a matter for the Council to decide, they are presented to

inform the decision of Council relating to the overall savings to be made by each Portfolio / Committee.

- 9.7 For the City Council to be able to implement the Savings Requirement in good time, a number of savings proposals will require that consultation take place and notice periods be given. Should the Portfolio savings set out above be approved, Managers will commence the implementation of those savings and any consultation process or notice periods necessary.
- 9.8 For savings proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of consultation have been fully considered. Following consultation, the relevant Portfolio Holder may alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix C with alternative proposal(s) amounting to the same value.

10. Summary of Proposed Revenue Budget 2024/25

- 10.1 The proposed Budget for 2024/25 has been prepared to include the following:

Spending 2024/25:

- Total increase in Spending (including all cost, inflation and savings) of £20.1m
- Due to affordability constraints, no contributions from the Revenue Budget to the Capital Programme
- Overall contingency provision to cover known and anticipated financial risks of the Council amounting to £17.0m (£15.1m in 2023/24), especially those relating to the volatility of inflation and demand, increases in demand for services provided by Adult Social Care and Children's Services, Emergency Repairs risks and the delivery of budget savings more generally
- Adjustments to pension costs, forecast borrowing costs and investment rates
- The £2.0m savings proposals as set out in Appendix C.

Funding 2024/25:

- An increase in funding from Government of £5.2m with £6.0m provided for Social Care but a cut for all other services of £0.8m (plus no funding for inflation for other services which is running at over 6.4%)
- Underlying Business Rate income for 2024/25 is an increase of 9.2%, largely reflecting an inflationary uplift (of 6.7%)
- An overall increase in Council Tax of 4.99%, yielding £4.7m
- An increase in the Council Tax base equivalent to 818.8 Band D properties resulting in additional Council Tax income of £1.4m
- A "one-off" surplus on the Council Tax Collection Fund of £2.4m
- A "one-off" surplus on the Business Rate Collection Fund of £5.0m (although this partly relates to timing differences which are neutral on the overall financial position with the remainder being of a "one-off" nature and used to "even out" Business Rate income volatility over time).

- 10.2 Financial risks remain across the whole Budget for 2024/25 relating to both cost pressures and the delivery of necessary savings. All Services of the Council are expected to be able to manage within their overall cash limit with any necessary support from the Council's Corporate Contingency or Portfolio Reserve to enable any such pressures to be managed over time.
- 10.3 The proposed Budget for 2024/25, including the main changes described above results in net spending of £221,698,100. This amounts to a net increase in spending of £20,111,400 (or 10.0%) over the Original Budget 2023/24.
- 10.4 The proposed Budget for 2024/25 as described in this Section is recommended for approval.

11. Cash Limits

- 11.1 As previously described, Cash Limits relate to that element of the Budget that is Portfolio and Service specific and which is controllable. Cash Limits have been prepared to reflect all changes set out in the proposed Budget for 2024/25 described in Section 10 and in particular include:
- Reductions to Cash Limits to take out the approved Budget savings
 - Additions to reflect new initiatives and budget pressures
 - Inflation
 - Additions to Cash Limits for passporting funds relating to new burdens
 - Adjustments to reflect the revenue costs of the proposed Capital Programme
 - Windfall costs and savings
 - Other refinements.
- 11.2 The table on the next page shows the proposed Cash Limits for 2024/25 and also those items outside Cash Limits (i.e. capital and similar charges, levies and insurance premiums), which together form the Budget for each service.

Portfolio	Cash Limits 2024/25 £'000	Items Outside the Cash Limit £'000	Budget 2024/25 £'000
Children, Families & Education	52,963	17,923	70,886
Climate Change and Greening the City	25	0	25
Community, Wellbeing, Health & Care	59,876	5,034	64,910
Culture, Leisure & Economic Development	11,780	5,107	16,887
Environmental Services	15,783	1,571	17,354
Housing & Tackling Homelessness	3,542	3,138	6,680
Leader	(24,247)	1,514	(22,733)
Planning Policy & City Development	1,451	0	1,451
Resources	26,079	7,178	33,257
Safety in the Community	2,891	556	3,447
Transport	9,674	9,923	19,597
Licensing Committee	(167)	102	(65)
Portfolio Expenditure	159,650	52,046	211,696

- 11.3 Managers will be expected to contain their expenditure in 2024/25 within Cash Limits and to regularly monitor their budgets to ensure this is achieved. Managers will continue to have the freedom to change their budgets within the Cash Limit in the year, provided they do not enter into commitments which would increase their expenditure in future years beyond the agreed Cash Limit for 2024/25.
- 11.4 As set out in the Council's Financial Rules, any overspends against the current year's Cash Limit will become the first call on any retained underspendings from previous years contained within a Portfolio's Earmarked Reserve. Should a Portfolio's Earmarked Reserve be depleted, any remaining overspend will be deducted from the 2025/26 Cash Limit.
- 11.5 Managers have delegated authority to incur committed routine expenditure within their approved Cash Limit. Routine expenditure is any expenditure incurred to meet the day-to-day operational requirements of the service, or any specific approved budget pressure. Managers wishing to incur expenditure on any other specific item should seek approval from the relevant Portfolio holder before incurring that expenditure.
- 11.6 These Cash Limits will be adjusted under the delegated authority of the S.151 Officer to reflect transfers of budgets that come to light after the Budget has been approved, such as changes to the assumptions on inflation rates and any other virements.
- 11.7 Managers will be required to report their forecast outturn position to the relevant Portfolio holder on a regular basis and the Cabinet will receive a report on the overall budget position every quarter.

12. Future Year's Medium Term Forecasts - 2025/26 to 2027/28

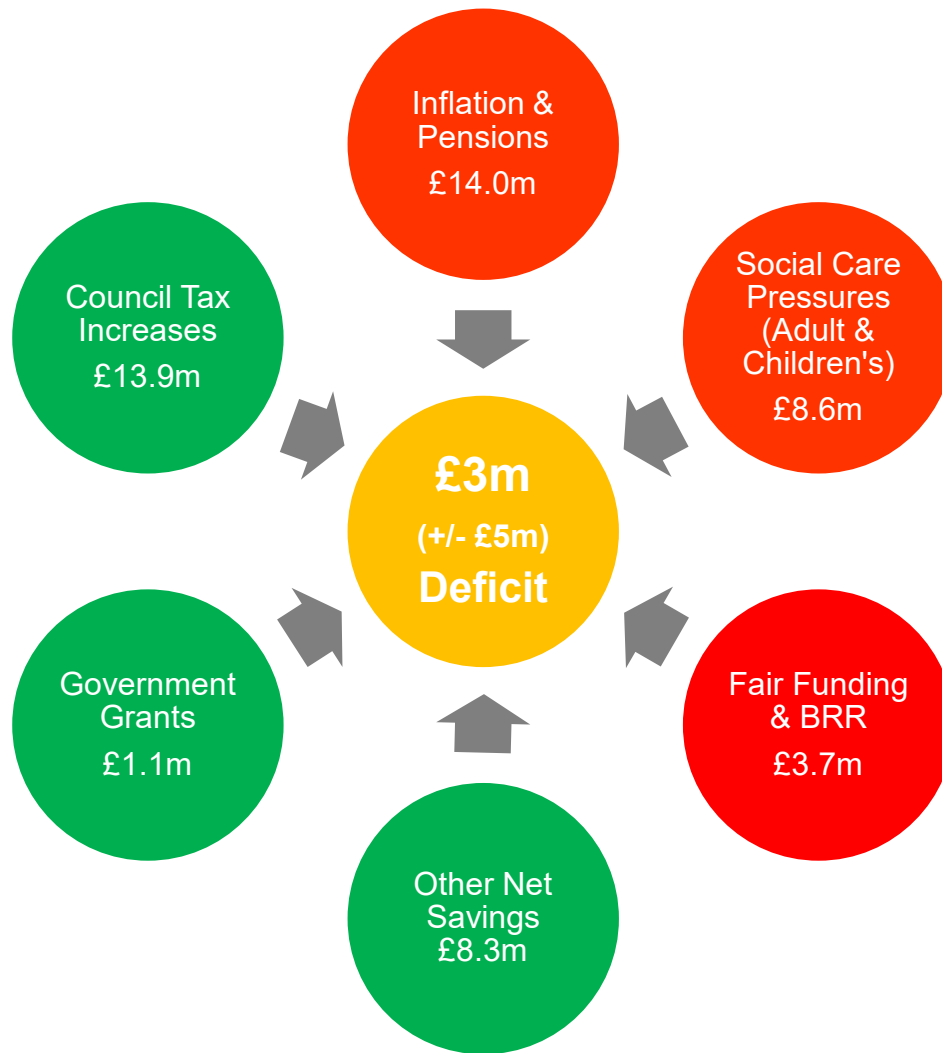
- 12.1 A new medium term forecast has now been completed and "rolled on" a further year to cover the period 2025/26 to 2027/28. All of the financial assumptions have been comprehensively revised and a new 3 Year Forecast determined.
- 12.2 The previous medium term forecast estimated that the overall Forecast would be in balance across the 3 year period to 2026/27. The proposed Revenue Budget for 2024/25 provides for £2.0m of savings that were necessary to bring the Budget back into "Structural Balance" following the extraordinary level of inflationary and demand pressures experienced throughout the current year flowing through into 2024/25 and the Social Care Funding Gap. The new medium term forecast takes account of the £2.0m savings being achieved in 2024/25, comprehensively revises all other cost and funding assumptions and also makes a forecast for the additional year 2027/28. It is estimated that the overall 3 Year Forecast will be a deficit of £3m by the year 2027/28.

Deficit Reduction Strategy 2025/26 to 2027/28

- 12.3 The estimated 3 Year Budget Deficit of £3m is recommended to be phased evenly over the next 3 years (see table below), drawing on reserves where necessary in order to "smooth" the impact on services. This provides for a managed reduction in spending, giving good opportunity for alternative income / efficiency initiatives to take effect and the opportunity to make annual adjustments as estimates and assumptions change.

Financial Year	Revised Budget Deficit	In Year Budget Savings	Revised Cumulative Saving
£	£	£	£
2025/26	0.8m	1.0m	1.0m
2026/27	1.8m	1.0m	2.0m
2027/28	3.0m	1.0m	3.0m

- 12.4 Budget Savings requirements for the future years beyond 2024/25 will be £1m per annum. Given the uncertain nature of the Forecast for future years, the forecast of £1m savings for the years 2025/26, 2026/27 and 2027/28 must be considered as indicative at this stage and subject to the annual review of the 3 Year Forecast.
- 12.5 The Forecast is "finely balanced" due to the uncertainty associated with inflation and demand volatility coupled with the potential loss of funding arising from the review of Local Government Funding now anticipated for 2026/27. As is usual, the Forecast will be revisited and adjusted on an annual rolling basis.
- 12.6 The 3 Year Budget Deficit of £3m to 2027/28 is described in the paragraphs that follow with the most significant changes illustrated on the next page.



12.7 The most significant assumptions in the medium term forecasts for the period 2025/26 to 2027/28 are described below:

Spending:

- An overall inflationary provision covering all pay and prices amounting to £14.0m
- Demand related pressures in both Adult Social Care and Children's Services of £8.6m
- Other net savings largely arising from the reduction in overall level of contingencies used to support the Budget, assuming that inflation volatility, Social Care and "cost of living" related pressures ease
- An assumption of a "steady state" for other budgets.

Funding:

- A net loss in Business Rate funding, mainly arising from the Business Rate Retention scheme of £1.5m, phased in from 2026/27 onwards (**Note: the Business Rate "Reset" will remove £4.0m of growth which may not be fully re-distributed through the Fair Funding Review**)
- An overall increase in Council Tax Income of £13.9m which incorporates:

- Increase of 4.99% for each of the years 2025/26, 2026/27 and 2027/28 (including 2% for the Adult Social Care Precept)
- An increase of £1.1m due to the adoption of a policy to introduce a 100% Council Tax Premium on Second Homes from April 2025
- An inflation based increase in Government Grants of £1.1m
- Indexation uplifts on retained Business Rates of 3.3% for 2025/26, 1.6% for 2026/27 and 1.8% for 2027/28
- An underlying zero growth assumption for changes in Business Rates from 2025/26 onwards, to reflect the uncertainty relating to any recession / recovery, appeals and mandatory reliefs
- That any loss of business rates income arising from National Business Rate reduction / capping initiatives will continue to be recompensed by Government via S.31 grant funding.

12.8 Future funding from Government from 2025/26 onwards is heavily dependent on the outcome of the Fair Funding Review and Business Rate Retention scheme review. It must be recognised that the outcome of these reviews remains uncertain.

12.9 It is also important to recognise that this forecast extends beyond the Fair Funding Review and the revised Business Rate Retention Scheme expected to be implemented in 2026/27. It moves a year beyond these events and makes broad assumptions at the macroeconomic level pending any indicative information at the local level. Inflation assumptions are also potentially volatile and therefore a significant level of uncertainty remains surrounding the "Balanced Forecast" which could realistically vary by +/- £5m.

12.10 Due to the uncertain nature of the future years' forecasts, it is imperative that the Council continues to manage its cost base carefully if it is to remain well placed to respond to the review of Local Government Funding.

12.11 A plan for £1m savings in 2025/26 but with General Reserves and the Corporate Contingency held at current levels is a balanced approach appropriate to an eventuality where the Council's forecasts are either too pessimistic or too optimistic. For example, in the event that the 3 Year Forecast improves, the Council has not prematurely made a level of savings and service reductions that could have been avoided. If the forecast deteriorates, the Council will still be able to spread any deficit over a 3 year period and have sufficient General Reserves to avoid significant "spikes" in Savings Requirements in any single year in the future.

12.12 Crucially, this savings strategy, as described above, can only work if the Council retains General Reserves at the levels set out in this report.

12.13 The medium term financial forecasts are set out as part of the General Fund Summary in Appendix A, but in a more summarised fashion in Appendix B.

12.14 The fundamental aim of the Medium Term Resource Strategy (MTRS) is for in-year expenditure to equal in-year income, excluding items of a "one-off" nature to achieve "structural balance".

13. Medium Term Resource Strategy Reserve

- 13.1 The Medium Term Resource Strategy (MTRS) Reserve was originally established to fund:
- Spend to Save and Spend to Avoid Cost initiatives
 - Invest to Save capital schemes
 - Feasibility Studies where there is likely to be an efficiency gain
 - One-off redundancy costs arising from proposed savings.
- 13.2 Historically, the reserve has been replenished by transfers of underspends from previous years. Under the new financial framework of retained underspendings by Portfolios, the opportunities for replenishing this reserve are now diminished. The calls on the reserve however, for smaller scale Spend to Save or Invest to Save schemes are also diminished, since these are funded from Portfolio Reserves where available. It is important that the reserve is maintained to fund larger scale Spend to Save schemes that would otherwise be unaffordable by a Portfolio or if a Portfolio does not have any of its own Reserves to call on.
- 13.3 It is anticipated that the main call on the MTRS Reserve over the next few years will be Invest to Save Schemes of a capital nature and the revenue costs associated with transforming Services. Additionally, redundancy costs may also be required through Service re-organisation.
- 13.4 For 2024/25 there are commitments against the reserve totalling £4.2m for new Capital Invest to Save schemes as set out in the Capital Programme 2023/24 to 2027/28 section of this report.
- 13.5 To provide for future years anticipated redundancy costs, satisfy the demands for Invest to Save Schemes and meet all other commitments, it is anticipated that the uncommitted balance on the MTRS Reserve will be a modest £7.3m. Importantly, Invest to Save (or avoid cost) proposals are becoming an increasingly important component of the Capital Programme and it can be reasonably expected that future Capital Programmes will rely more heavily on this as a funding source in the future.
- 13.6 In future years, for this reserve to continue in this capacity, it will be necessary to replenish it either from non-Portfolio underspends or alternatively from the Revenue Budget.

14. Estimated General Reserves 2023/24 to 2027/28

- 14.1 In general, maintaining adequate reserves is a measure of responsible financial management and strong financial health. They are required in order to be able to respond to "financial shocks" without having to revert to the alternative of quick and severe reductions in services. Equally, they can be a vehicle to take advantage of any opportunities that may arise which are in the financial interests of the Council (for example, matched funding opportunities which could lever in additional funding for the City or for Spend to Save schemes). Importantly, they also enable differences between expenditure and funding levels to be "smoothed out" and managed in a planned way over time.

- 14.2 General Fund Revenue Reserves as at 31 March 2024 (Revised Estimate) are anticipated to be £21.4m after transfers to and from other reserves, and falling to £21.2m as at the end of 2025. Assuming that the forecast future savings are made in accordance with proposed Deficit Reduction Strategy of £1m p.a, then General Reserves are expected to remain broadly constant over the period to March 2028. The Council is expected therefore to remain within the recommended level of minimum General Reserves of £10.0m.
- 14.3 In accordance with Best Practice, the level and nature of all revenue reserves and balances has been reviewed as part of the budget process. The exercise has attempted to identify and assess all of the City Council's potential financial risks over the next few years to determine the prudent level of balances that should be retained, based on the City Council's risk profile. Each risk has been considered alongside the probability of it happening.
- 14.4 The experience of the past 2 years, and the Covid pandemic prior to that, exposed the vulnerabilities in the Council's overall financial resilience, making the compelling case the minimum level of reserves to be held of £10m. It is recommended that the minimum level of General Reserves be maintained at £10.0m as at March 2025. Assuming the 2024/25 Budget Savings are achieved, General Reserves as at 31 March 2025 are forecast to be £21.2m.
- 14.5 The minimum level of balances for future years will be reviewed annually as part of the budget process.
- 14.6 The statement below gives details of the General Reserves in hand at 01 April 2023, together with the proposed use of reserves from 2023/24 to 2027/28, and the resultant balances at 31 March 2028.

General Reserves Forecast - Up to 2027/28					
Financial Year	Current Year £m	Budget 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m
Opening Balance	21.5	21.4	21.2	21.4	21.6
In Year Surplus / (Deficit)	(0.1)	(0.2)	0.2	0.2	0.1
Forecast Balance	21.4	21.2	21.4	21.6	21.7

- 14.7 The level of balances held over the period will be higher than the minimum level recommended. This prudent approach is being taken for several specific reasons, which include:
- The Council is not permitted to budget for a level of General Reserves below the minimum level determined by the S.151 Officer
 - The susceptibility of the Council's forecast to vary by +/- £5m due to inflation and demand volatility plus the outcome of the Fair Funding Review and the Business Rate Retention "reset"
 - There remain continuing risks associated with the financial sustainability plans for both Adult Social Care and Children's Services
 - The uncertainty over the level of funding generally (in particular, retained Business Rates), demographic cost pressures for care services, inflation and interest rates in future years

- The uncommitted balance available in the MTRS reserve of just £7.3m means there are only limited funds available to fund the implementation costs of future efficiency savings (see Section 13).

15. Capital Programme 2023/24 to 2027/28

Summary

- 15.1 In accordance with the Council's Capital Strategy and Medium Term Financial Strategy, the Cabinet have prioritised those schemes that:
- 1) Provide for statutory requirements including School Places, Transport Safety, Homelessness and necessary Health and Safety obligations
 - 2) Ensure that the Council's services to residents continue to operate from safe "fit for purpose" buildings
 - 3) Support the renewal of the Council's aging Leisure Estate and end of life sports and play facilities across the City
 - 4) Continue the Council's environmental agenda, including the downsizing of the Civic Offices and further greening initiatives
 - 5) Continue with the Council's key regeneration opportunity for the City Centre North, aiming to stimulate housing and employment in the Council's most deprived area.
- 15.2 As described earlier in this report the key responses arising from the Budget Consultation for the future investment of the Council's Capital Programme selected by respondents are, in order of popularity:
- Building new homes in the city, including flats offering special care for elderly residents (49%)
 - Invest in greening projects across the city (37%)
 - Create better facilities for sustainable transport such as cycling and walking (37%)
 - Build more classrooms and specialist provisions for children with additional needs (37%).
- 15.3 The Cabinet's new scheme proposals contained within this report will lead to additional capital investment totalling £33m, of which £19.0m is funded by Corporate Capital Resources.
- 15.4 The Council has the opportunity, through its capital programme and borrowing powers, to invest in both the regeneration of the City and cost reduction schemes for the Council itself. Capital Investment needs and aspirations however, continue to significantly exceed the resources available. Importantly, there are likely to be opportunities throughout the year to lever in additional external capital funding for schemes that have strong potential to be catalytic for economic growth, but only if the Council itself can provide matched funding contributions. As a consequence, to maximise the Capital Investment opportunities for the City, it is recommended that any underspendings arising at the year-end (outside of those made by Portfolios) be

transferred either to Capital Resources to fund future Capital Programmes, the Covid Reserve, the MTRS Reserve or General Reserves.

Overall Strategy

- 15.5 On 14 March 2023 the City Council approved the Capital Strategy 2023/24 - 2032/33. The key features of that strategy, which have been considered in the development of the Cabinet's Capital Programme proposals, are as follows:
- Contribution to Council Plan / Priorities
 - Statutory Obligations
 - Financial Appraisal
 - Option Appraisal
 - Risk and approach to risk - the expected benefits must outweigh the risk
 - Any overspendings on approved Capital Schemes being the first consideration for the use of any available capital resources.
- 15.6 As also described in the Medium Term Financial Strategy, the strategy is to maximise the capital resources available and then target new capital expenditure towards income generation and economic growth whilst ensuring the Council's statutory obligations are also met, (e.g. school places).
- 15.7 The development of a Capital Strategy considers investments that will be made in the acquisition, creation or enhancement of tangible or intangible fixed assets in order to yield benefits to the Council for a period of more than one year. It also considers how stewardship, value for money, prudence, sustainability and affordability will be secured. The priority of new capital expenditure will be assessed in accordance with the following capital expenditure criteria:

Criteria 1 - To support a Medium Term Outlook

- Allocating known resources to future years for critical capital investment, ensuring that in years where capital resources are limited, critical investment can continue to be made
- Aligning known resources to current approved spending, ensuring that uncertain or forecast resources are not applied to current investment, thus leaving potentially unfunded obligations in the future
- Smoothing out any significant gaps between capital investment needs and capital resources available by utilising contributions from revenue.

Criteria 2 - To Maximise the Capital Resources Available and the Flexibility of their Application

- Setting aside capital funding for "match funding" opportunities, where these are aligned with the Council's strategic objectives in order to take advantage of "free" funding
- Reviewing contractually uncommitted schemes against newly emerging capital investment priorities

- Avoiding ring-fencing of capital resources, except where such ring fencing is statutory
- Using prudential borrowing for "invest to save" schemes, or schemes which generate income.

Criteria 3 - Targeted Capital Investment

- Annual review of all contractually uncommitted capital schemes which rely on non-ring-fenced funding is undertaken to ensure that they remain a priority in the context of any newly emerging needs and aspirations
- Investment in programmes of a recurring nature that are essential to maintain operational effectiveness - including statutory responsibilities
- Capital Funding is particularly constrained for 2024/25 and has been targeted to:
 - 1) Stabilise the existing Capital Programme which has been subject to some unavoidable cost increases arising from the general economic conditions
 - 2) Provide for statutory requirements or health and safety obligations
 - 3) Ensuring continued Service operations
 - 4) Progressing Environmental initiatives
 - 5) Pursuing Regeneration and clean economic growth.

Total New Corporate Capital Resources

- 15.8 New Corporate Capital resources available as a funding source for 'new starts' in 2024/25 and onwards have been reviewed and the amount available to be allocated has been determined as £19.0m.
- 15.9 This sum includes allocating indicative grant funding amounts for 2024/25 and 2025/26 relating to Transport. This will allow the service to plan with more certainty over a 2 year period and with a larger capital allocation providing the ability to take a more strategic approach to capital investment over a longer time horizon.
- 15.10 Additionally, a small contingency has been retained to mitigate the risk of capital receipts and grants being lower than anticipated. Some funding has been held back to meet unavoidable increases in costs to approved schemes, and to support match funding bids for additional external funding.
- 15.11 A summary of the total capital resources available to the Council for 'new starts' in 2024/25 and onwards are described below:

Corporate Capital Resources

- 15.12 This includes all non-ring-fenced capital grants, (e.g. local transport plan, education basic need and school condition funding), capital receipts and revenue contributions and are described later. Corporate Capital Resources include:
- Non-ring-fenced capital grants (Integrated Transport Block, Schools Capital Maintenance) of £13.7m

- Capital Receipts based on estimated values that have been declared surplus to requirements
- Estimated City Wide Community Infrastructure Levy receipts
- A contribution from reserves of £1.9m (previously withdrawn to cover the risks associated with the Covid pandemic but now returned as it was not required).

Ring Fenced Capital Funding

15.13 Funding passported to the Better Care Fund which is targeted at Disabled Facilities Grants and wider social care programmes. This is a Central Government initiative which creates a pooled budget arrangement between the Council and Health Services; an estimated £2.0m will be received by the Council in 2024/25.

Prudential Borrowing

- 15.14 Prudential Borrowing is only available for a Council's "Primary Purpose for Investment" which must be "consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice".
- 15.15 The arrangements for Prudential Borrowing were strengthened following growing concerns over Local Government commercial property investments and taking on disproportionate levels of commercial debt to generate yield. Borrowing for "debt-for-yield investment" is not permissible under the Prudential Code, as it does not constitute the primary purpose of investment and represents unnecessary risk to public funds.
- 15.16 Prudential borrowing is available for "Invest to Save" schemes only where those savings accrue directly to the Council on a sustained basis. Prudential Borrowing is governed by the Prudential Code and its associated tests of affordability, sustainability and prudence. Prudential borrowing is what is termed "unsupported borrowing" and means that the Government does not provide any revenue support through government grant for the repayment of that debt (neither principal nor interest).
- 15.17 The Affordability test dictates that the Council must be able to demonstrate that it can afford the debt repayments over the long term. Given the forecast £3m Budget Deficit and the uncertainty of the Future Forecasts which could vary that deficit by +/- £5m, prudential borrowing is only available for invest to save schemes where there is a demonstrable case that the capital expenditure incurred will result in savings (i.e. cost reduction or additional income) that at least cover the cost of borrowing. Also, that those savings accrue directly to the Council and will be available on a sustained basis over the lifetime of any borrowing.
- 15.18 Prudential borrowing is strictly controlled and only proceeds once the S.151 Officer is satisfied as to its legality in accordance with the Prudential Code (e.g. the "Primary Purpose" test) as well as its affordability on a sustained basis. This necessarily requires a business case and financial appraisal to be prepared that satisfies the S.151 Officer.
- 15.19 Historically, all decisions to undertake borrowing have been referred to Full Council. Whilst this is a feature of strong financial governance, there are occasions where this

can inhibit the Council from acting responsively with the associated risk of losing a potential time limited opportunity. This can be particularly relevant to property acquisitions. At the present time, the Council is seeking to pursue regeneration opportunities that can involve land assembly and it is important that the Council can enter into transactions in an efficient and timely fashion. It is recommended therefore that the Council's S.151 Officer be given delegated authority within the year to borrow up to £15m but only once a satisfactory business case and financial appraisal has been approved by the S.151 Officer.

New Capital Investment Proposals & Revised Capital Programme

15.20 The Cabinet's proposals for the allocation of the Council's 'new start' Capital Investment amounts to £33.0m are set out in Appendix D for approval. They comprise a balanced set of proposals described below.

15.21 There is continuing support for educational attainment through the proposed investment of £7.95m into additional capacity for early years, secondary school, and special educational needs places.

15.22 To maintain the Council's operational facilities, £4.2m is being invested into Council buildings to provide for the highest priority maintenance needs at several high profile sites including school buildings. This includes a review of the Council's overall property estate in accordance with best practice asset management planning, with £0.25m of funding for Asset Management Surveys. The review would seek to align the operational property portfolio with the needs of the Council, assessing the sufficiency, condition and performance over their remaining lifetime. Should the review conclude that a rationalisation be pursued, the financial benefits would be:

- Reducing the drain on capital resources to equip and maintain their use, which in turn could release resources to be made available for as yet unfunded Capital Investment priorities and aspirations
- Reducing the day to day costs of delivering services that could either contribute to future savings or be re-invested in enhancing service provision
- Identifying ageing properties that are coming to the end of their life, and in that context the extent to which further capital investment should sensibly be made on a value for money basis.

15.23 The programme has been designed to support environmental enhancements and the climate change agenda by investing £5.9m into environmental initiatives and clean economic growth. Proposals include:

- £5m additional investment in the provision of shore power electricity supply at Portsmouth International Port at berth 5, to enable hybrid ferries to switch off their primary and secondary engines while in port, which will assist the Port in meeting carbon reduction and air quality targets
- Other planned environmental enhancements include further investments in green initiatives and air quality monitoring.

15.24 The Cabinet also plan to bring certainty to the renewal of the Leisure Estate whilst also replacing / upgrading end of life play and sports facilities across the City.

Significant new investment totalling £7.7m is planned; £6.6m relates to the Bransbury Park Leisure Centre, which will include space for a new Doctors Surgery. The additional funding will now provide for a fully funded scheme and allow progress to be made with funding certainty. The additional funding is a package of measures as follows:

- £3.0m from the MTRS Reserve and predicated on a "payback" of circa £0.5m per annum arising from contractual changes, which will generate significant VAT savings alongside a general re-negotiation of the Leisure Contract reflecting an improved Leisure Estate
- £1.6m of borrowing, mainly to fund the cost of the new GP Surgery and for which a rental income stream will be received sufficient to repay the borrowing costs
- £1.2m from Reserves built up for the maintenance of the Pyramids which is not anticipated to be required
- £0.8m of Corporate Capital Resources, required to be substituted for previously assumed borrowing; interest rates have risen and therefore the affordability of borrowing has reduced.

15.25 There is an ambition to provide Young Persons Supported Living Accommodation in the City, enabling a number of young people to be brought back into the City, close to their social and family networks. It is envisaged that alongside the significant benefits to those younger people, that there will be a financial case to support using the MTRS Reserve to provide the necessary funding.

15.26 As a key enabler of vibrant local communities, the underpinning and enabling of regeneration and the move towards a sustainable future, significant investment continues to be made into the core local transport infrastructure amounting to £4.8m to ensure transport networks are reliable and efficient; improve road and transport safety; manage the adverse impact of transport on the environment and promote healthier travel.

Proposed Capital Programme 2023/24 to 2027/28

15.27 The overall Capital Programme, including all existing schemes which have been reviewed and considered as a continuing priority and proposed new schemes, is set out in Appendix E for approval.

Future Capital Obligations, Priorities and Aspirations

15.28 The proposals for capital investment contained within this report complement the existing capital programme and provide further solidity to secure the Council's financial viability for the medium term. Nevertheless, the Council will inevitably face future obligations of a statutory nature as well as wishing to further develop its priorities and aspirations for future capital investment to meet its overall aim of financial and public service sustainability.

15.29 Known obligations and aspirations, in line with the Medium Term Financial Strategy, for future capital investment once further capital resources become available include:

Statutory Obligations:

- Additional extensions / additions to schools in respect of pupils with complex educational needs in order to provide for additional school places
- Provision of additional disabled facilities grants
- Requirements to improve road safety, disabled access and air quality
- Landlords Repairs & Maintenance.

Improving the City Economy:

- Further development of key employment, housing and regeneration sites
- Anti-Poverty projects
- Coastal protection schemes to protect homes and businesses
- Improvements to road transport infrastructure as a means of supporting new business growth and productivity generally as well as the protection of the tourism economy.

Enhancing the Environment:

- Greening the City
- Creating space and access.

Public Service Transformation:

- Developing the Digital Council
- Use of technology to provide greater personal independence for those with care needs.

15.30 The Cabinet has identified some further specific priority and aspirational capital schemes to be pursued as further capital funding becomes available:

- Investing in a rolling programme of investment into council assets subject to the outcome of the Asset Management Strategy
- Enabling works and land assembly associated with the City Centre North scheme
- The Civic Offices regeneration / replacement scheme
- Greening and environmental improvement schemes
- Investing in replacing play park equipment across the City based on the strategy prepared by the Parks team
- Investing in refurbishing outside sports courts based on the strategy prepared by the Parks team
- Investing into schemes delayed due to inflationary pressures and higher than anticipated interest rates
- Completing the East-West cycle corridor
- Delivering future stages of the Eastern Road cycle lane scheme
- Enhancing the Southsea Sea Defences.

- 15.31 The scale of the funding required for these obligations and aspirations is such that it far outstrips the annual capital funding which may be available. With core capital funding of circa. £7m per annum, there is a hugely significant shortfall ("Capital Gap") to be met. From this £7m, there is an expectation from Central Government that amounts allocated for Education (circa. £0.8m) should be allocated for School Condition and there is an obligation to maintain a Local Transport Plan from the annual £1.8m provided from the Department for Transport. The overall implication being that routine annual funding available for Capital Investment is extremely limited.
- 15.32 In the context of the scarcity of capital funding available, as mentioned previously, the Council should consider whether the overall size of its building estate could be rationalised. Should this be achieved, it would have the dual benefit of:
- i) Reducing the drain on capital resources to equip and maintain their use which in turn could release resources to be made available for as yet unfunded priorities and aspirations
 - ii) Reducing the day to day costs of delivering services that could either contribute to future savings or be re-invested in enhancing service provision.
- 15.33 Given the scale of the "Capital Gap" described above, the necessity to supplement the Capital Resources available remains an explicit feature of the Council's approved Medium Term Financial Strategy. This ensures that the Council can continue to fund essential services but also fund Regeneration and Income Generation schemes aimed at improving the overall financial sustainability of the Council and the economy of the City, whilst fulfilling its role in addressing the challenge of climate change. For this reason, the standing recommendations remain intact that enable the S.151 Officer be given delegated authority to transfer all or part of any further savings made in 2023/24 arising at the year-end to supplement the Capital Resources available for future years.

Prudential Borrowing Indicators

- 15.34 The Prudential Indicators of the Council are determined largely from its Capital Investment decisions. The 5 indicators are presented in Appendix F for approval. In summary, the Council's indicators illustrate that its current Capital Programme is affordable. Further details setting out what each indicator shown in Appendix F represents is set out below:

Ratio of Financing Costs to Net Revenue Stream

- 15.35 This indicator shows the proportion of the net revenue stream (i.e. the Council's Revenue Budget) that is attributable to the cost of financing capital expenditure.

Capital Financing Requirement (CFR)

- 15.36 This represents the Council's underlying need to borrow to fund current and future capital expenditure. The CFR arises directly from the capital activities of the Council and the resources applied to fund that capital activity. The CFR represents the unfinanced element of capital expenditure and is the difference between the value of total fixed assets on the balance sheet and the Revaluation Reserve and Capital Adjustment Account.

15.37 The Council's underlying need to borrow to finance its current and future capital expenditure (i.e. its Capital Financing Requirement) is increasing, primarily as a result of planned commercial property investments but will ultimately reduce as provision is made to repay debt.

Authorised Limit for External Debt & Operational Boundary for External Debt

15.38 The Council's Limit for External Debt, recommended for 2024/25, should be broadly equivalent to its CFR (described above) but should allow for a little headroom in excess of it. This has been set accordingly. Furthermore, the Operational Boundary for external debt serves as an early warning tool to highlight whether the External Limit is nearing a breach. This, therefore, is set at the level to which external debt is more likely to be.

Ratio of Net Income from Commercial & Service Investments to Net General Fund Revenue Stream

15.39 This represents the proportion of net General Fund expenditure funded from investment income.

16. Statement of the S.151 Officer in Accordance with the Local Government Act 2003

16.1 Section 25 of the Local Government Act 2003 ("the Act") requires the Chief Financial Officer to report to the City Council on the following matters:

- The robustness of the estimates included in the budget made for the purposes of setting the Council Tax; and
- The adequacy of proposed financial reserves.

16.2 Section 25 of the Act concentrates on uncertainties within the budget year rather than the greater uncertainties in future years. In the current economic climate, there continues to be uncertainties in both the current and future years i.e. beyond 2024/25. Particular uncertainties exist regarding:

- The prolonged and elevated nature of inflation and its volatility
- The increased levels of demand for Council Services being driven by the "cost of living crisis"
- The continuing impact of the Covid pandemic, its impact on costs, Council Tax and Business Rate income levels
- The general uncertainty surrounding Business Rate income from the recent revaluation and the extent of successful appeals and mandatory reliefs, all of which affect Retained Business Rates
- Government Funding levels (including the outcome of the Fair Funding Review and the Business Rate Retention scheme review expected in 2026/27)
- The ability of the Council to continue to make necessary savings at the required scale and pace

- The likely demographic cost pressures arising in demand driven services such as Adult Social Care, Children's Services and Housing
- The extent to which new policy changes will be funded.

All of these uncertainties increase the need for adequate reserves and balances to be maintained in current and future years.

- 16.3 A minimum level of revenue reserves must be specified within the Budget. The Local Authority must take full account of this information when setting the Budget Requirement.
- 16.4 Should the level of reserves fall below the minimum approved sum of £10m as proposed in this report, either arising from an overspend in the previous year or the current year, the S.151 Officer has a duty to report this to the Council with recommendations as to the actions that should be taken to rectify the shortfall. In the most extreme of circumstances, the S.151 Officer can issue a S.114 notice, imposing spending controls until a balanced budget is approved by the Council.

(a) Robustness of the Budget

- 16.5 In setting the Budget, the Council should have regard to the strategic and operational risks facing the City Council. Some of these risks reflect the current economic climate and the national issues surrounding local authority funding levels.
- 16.6 Estimates and forecasts have been prepared to include all known significant financial factors over the medium term in order to inform spending decisions.
- 16.7 Assumptions for the Budget and forecasts for future years are considered to be sound and based on the best available information. These are set out in detail in Sections 8 and 12 and use the following sources as their evidence base:
- Government funding as set out in the adjusted provisional settlement for 2024/25
 - An assumption that the overall outcome of the Fair Funding Review and Business Rate Retention scheme review will lead to a net reduction in funding of £1.5m
 - A "no growth" assumption for Retained Business Rates from 2025/26 onwards on the basis that any income arising from growth will be offset by appeals, reliefs and change of use
 - An assumption that the value of successful appeals against the 2023 rating list will be based on the most up to date information from the Valuation Office Agency
 - Increases in Council Tax based on what is likely to be acceptable and within expected referendum limits
 - Inflation on Retained Business Rates and prices in accordance with inflation estimates from the OBR
 - Specific provisions for increases in demand for both Adult Social Care and Children's Services based on current trends
 - Prudential borrowing requirements based on approved Capital schemes
 - Revenue contributions to Capital based on known commitments and estimates of future needs

- Balances and contingencies based on a risk assessment of all known financial risks.
- 16.8 Savings contained within the Budget are those where Portfolio Holders and Directors assess the confidence level of achievement is medium and above. Savings proposals have also been subject to scrutiny by Members. Responsibility and accountability for delivering the savings rests with the relevant Portfolio Holders and Directors and progress will be monitored throughout the year as part of the Budget Monitoring process.
- 16.9 The most volatile budgets are those of Adult Social Care and Children’s Services. Budget provision has been made available to cover these risks both directly within Service cash limits as well as within the City Council’s overall contingency provision.
- 16.10 Additionally, Portfolios will be able to retain any underspendings in 2023/24 and utilise them as necessary in 2024/25 and future years for any purpose but with a clear priority to meet essential cost pressures in the first instance.
- 16.11 The forecasts prepared for the forthcoming and future years are robustly based and illustrate the expected costs the City Council will incur in order to deliver current levels of service.
- 16.12 Portfolio Holders will be given regular budget updates by Directors to ensure that action to address any potential over or underspend is taken promptly, and quarterly budget monitoring reports will continue to be presented to the Cabinet.
- 16.13 To encourage budget discipline, all future overspendings will be deducted from any retained underspendings accumulated in Portfolio Earmarked Reserves in the first instance and once depleted, then from the following year’s Cash Limits.
- 16.14 Prudential Indicators are accurately calculated based on the Council’s audited Balance Sheet, notified income streams and in depth financial appraisals of proposed capital schemes. These are published and reviewed on a regular basis to ensure that the City Council complies with the concepts of Affordability, Prudence, and Sustainability. The City Council has agreed to consider Prudential Borrowing for “Spend to Save Schemes” only, as it is currently unaffordable for any other purpose.
- 16.15 Future years’ budgets will remain challenging due to inflation and demand volatility, the uncertainties associated with the overhaul of Local Government Funding and the continuing demographic pressures on Care Services.

(b) The Adequacy of Proposed Financial Reserves

- 16.16 During 2023/24, a review of the level and nature of all revenue reserves and balances has been undertaken. All of the City Council’s potential financial risks over the next few years and the probability of each risk happening has been assessed. The outcome from this review concludes the need to maintain the minimum level of General Reserves at £10m as at 31 March 2025.
- 16.17 Reserves provide a buffer against unexpected costs such as pay awards, inflation, shortfalls in income and overspends and enable the City Council to manage change without undue impact on the Council Tax or immediate reductions to services. They

are a key element of strong financial standing and resilience as they mitigate risks such as increased demand and other cost pressures.

- 16.18 The level of balances held will be higher than the minimum level recommended. This prudent approach is being taken for a number of specific reasons as set out in Sections 8 and 12. The position will continue to be reviewed and reported to Members on an annual basis.
- 16.19 As previously mentioned, the Council will maintain Portfolio Earmarked Reserves to retain accumulated Portfolio underspends in order that Portfolios can better manage any known or unknown cost pressures that arise.
- 16.20 The MTRS Reserve is the Council's primary vehicle for funding Spend to Save and Spend to Avoid Costs Initiatives, Feasibility Studies and redundancy costs. Taking account of all approvals from this reserve and future estimated redundancy costs over the next 4 years, it is estimated that the Reserve will have an uncommitted balance of £7.3m. In order for this Reserve to continue in this capacity, it will be necessary to replenish it from any non-Portfolio underspendings, transfers from other reserves no longer required or alternatively from the Revenue Budget.
- 16.21 The Council maintains a number of other Earmarked Reserves for specific purposes, all of which are at the levels required to meet known future commitments. The major reserves include the following:
- Revenue Reserve for Capital – to fund the Capital Programme
 - Highways PFI Reserve – to fund future commitments under that contract
 - Off Street Parking Reserve – to fund investment in transport
 - Insurance Reserve – to fund potential future liabilities.
- 16.22 The Council's contingency provision for 2024/25 has been set on a risk basis at £17.1m (£15.1m in 2023/24) and reflects anticipated calls on the budget where the timing and value is not yet known. The use and application of the contingency will continue to be exercised tightly.

17. Conclusion

- 17.1 The substantial financial impact of prolonged levels of inflation experienced over the last 2 years, its "hangover" effects flowing from the current year into 2024/25 and the ensuing impact this has had on residents by creating a "cost of living crisis" and increased demand for Council Services have been the defining factors in the Budget for 2024/25. Nevertheless, the proposed Budget is financially balanced, robustly based and provides sufficient cover for anticipated and potential financial risks within the year. Furthermore, the overall financial health of the Council currently remains sound, providing a good degree of resilience against an uncertain future.
- 17.2 The proposals within this report are consistent with the results from the Budget Consultation in relation to spending priorities for both day to day services and Capital Investment. The Savings and Council Tax proposals are made as part of a co-ordinated package of measures that are aligned with the approved Medium Term Financial Strategy with its stated aim that:

"In year" expenditure matches "in year" income over the medium term whilst continuing drive towards regeneration of the City, being innovative, creative and protecting the most important and valued services.

- 17.3 Due to prudent financial management over a number of years, the overall Forecast for the 3 Year period beyond 2024/25 is a relatively modest deficit of £3m, requiring £1m savings per annum for future years to 2027/28.
- 17.4 The 3 Year Forecast is "finely balanced" and is predicated on an assumed Council Tax increase of 4.99% for 2025/26 and all future years alongside the adoption of a 100% Council Tax premium for second homes. The most significant risks to this central projection are the uncertainties associated with inflation and demand volatility, the potential loss of funding arising from the overhaul of Local Government Funding as well as other unavoidable cost pressures that may arise, particularly in Care Services. Taken together, these risks have the potential to vary the Forecast Deficit of £3m by +/- £5m.
- 17.5 It is important that the Council continues to follow its Medium Term Financial Strategy, exercise spending restraint, manage its cost base and maintain Reserves at adequate levels if it is to remain well placed to respond in all likely circumstances.
- 17.6 The Council should also be particularly mindful of the potential future income or reduced demand / costs that the Council could derive through the delivery of its Capital Programme. This is likely to be the biggest influence on enabling jobs, growth and overall improved prosperity within the City.

18. Integrated Impact Assessment (EIA)

- 18.1 Consideration of the impact of budget pressures and proposed savings on all customers, services and staff has been taken into account in formulating this budget. The savings proposals set out within this report are proposals only for the purposes of setting Portfolio Cash Limits and the overall City Council Budget. Whilst most are likely to be implemented, there will be some that require further consultation and appropriate Integrated Impact Assessments to be considered before any implementation can take place. For this reason, Portfolio holders have the discretion to alter, amend or substitute any proposal with an alternative proposal following appropriate consultation.
- 18.2 A public consultation was held in relation to the Budget across the period from 24 July 2023 to 03 September 2023 to assist the Cabinet in formulating its Budget proposals as described in Section 4.
- 18.3 The Scrutiny Management Panel also met to consider the proposals contained within this report and have the opportunity to make their representations to the Cabinet prior to their recommendation to the City Council. A public meeting of the Scrutiny Management Panel was held on 05 February 2024, where a presentation was made of the proposed Council Tax and Revenue Budget 2024/25, the Council's future financial forecasts for 2025/26 to 2027/28 and the proposed Capital Investment plans.

19. City Solicitor's Comments

- 19.1 The Cabinet has a legal responsibility to recommend a Budget and Council Tax amount to the Council and the Council has authority to approve the recommendations made in this report.
- 19.2 The S.151 Officer has a statutory duty under the Local Government Act 2003 to report on the robustness of the budget proposals and adequacy of reserves. The S.151 Officer's Statement within this report fulfils those obligations.

20. S.151 Officer's Comments

- 20.1 All of the financial information is reflected in the body of the report and the Appendices.

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Signed by:

Appendices:

A	General Fund Summary
B	Forecast Expenditure 2024/25 to 2027/28
C	Indicative Budget Savings 2024/25
D	New Capital Schemes Starting in 2024/25
E	Capital Programme 2023/24 to 2027/28
F	Prudential Indicators
G	Budget Consultation 2023

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Budget Working Papers	Office of Director of Finance & Resources & Deputy Director of Finance
Local Government Finance Settlement 2024/25	Office of Director of Finance & Resources

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by

