

Report to the Cabinet



Report reference: C-036-2023-24
Date of meeting: 18th December 2023

**Epping Forest
District Council**

Portfolio: Finance & Economic Development – Cllr. John Philip

Subject: Draft Budget 2024/25 (including General Fund & HRA revenue & capital, Fees & Charges, and an updated Medium-Term Financial Plan)

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Vivienne Messenger (01992 564243)

Recommendations/Decisions Required:

- 1) To consider the draft General Fund revenue budget proposals for 2024/25 (*Appendix A*), specifically including supplementary *confidential* items Annex 2 (Cost Centre Summary) and Appendix F (Savings Proposals) and suggest amendments if considered necessary.
- 2) To consider the draft Housing Revenue Account (HRA) revenue budget proposals for 2024/25 (*Appendix B*) and suggest amendments if considered necessary.
- 3) To consider the draft General Fund and HRA capital proposals for 2024/25 through to 2028/29 (*Appendix C*) and suggest amendments if considered necessary.
- 4) To consider the draft Fees and Charges proposals for 2024/25 (*Appendix D*) and suggest amendments if considered necessary.
- 5) To consider and approve the updated Medium-Term Financial Plan (General Fund and HRA) (*Appendix E*); and
- 6) To request that the Overview & Scrutiny Committee considers the draft budget proposals for 2024/25 (*Appendix A*) and associated documents (*Appendices B to F*) and make comments for consideration at the Cabinet meeting on 5th February 2024.

Executive Summary:

The Cabinet approved an updated Financial Planning Framework (FPF) 2024/25 to 2028/29 at its meeting on 18th September 2023, which is the first step in preparing the 2024/25 budget.

The first major milestone in the FPF was reached on 9th October 2023, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29. The MTFP revealed a projected deficit of £3.720 million for 2024/25 on the General Fund; it is a deficit that requires eliminating in full if the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.

The MTFP also identified a projected surplus of £0.015 million on the Housing Revenue Account for 2024/25.

Acting on the strategic direction provided by Cabinet on 9th October 2023, officers have now managed to provisionally bridge the General Fund deficit and this report contains an early draft (balanced) budget for 2024/25 for consideration by Cabinet.

The General Fund element of the draft Budget for 2024/25 can be found at **Appendix A**. It comprises Net Expenditure of £17.929 million and Funding includes assumed Government grants of £1.514 million (“Core Spending Power + 3.0%”). It also includes a contribution of £0.263 million towards the replenishment of the adopted contingency balance within the General Fund Reserve.

The HRA draft Budget for 2024/25 can be found at **Appendix B**. It anticipates a *planned* deficit of £0.465 million (funded from *surplus* HRA balances).

An initial draft Capital Programme (covering both the General Fund and the HRA) for 2024/25 through to 2028/29 is attached at **Appendix C**. The General Fund Programme comprises total expenditure of £61.806 million over the five years, including £33.496 million in 2024/25. In addition, the HRA Programme comprises total expenditure of £140.424 million over the five years, including £33.087 million in 2024/25.

The level of Fees & Charges has been reviewed and draft proposals for 2024/25 can be found at **Appendix D**. This comprises both General Fund (using the September 2023 CPI inflation rate of 6.7% as the benchmark for increases), excluding Car Parking and statutory charges, and HRA (including a proposed Rent Increase of 7.7% in line with the Government Rent Standard).

Looking further ahead, the updated MTFP is included at **Appendix E** covering both the General Fund and the HRA; the numbers now reflect the draft Budget proposals for 2024/25.

In terms of the **General Fund** position, the projections are summarised in the table below.

General Fund MTFP (@ December 2023)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2024/25	0	Assumed Government grant of £1.514 million + Contribution to Reserves of £0.263 million. New Waste Management arrangements assumed with effect from November 2024.
2025/26	1,152	
2026/27	784	
2027/28	493	
2028/29	492	

In terms of the **HRA** position, the projections are summarised in the table below.

Housing Revenue Account MTFP (@ December 2023)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2024/25	465	
2025/26	296	
2026/27	104	
2027/28	18	
2028/29	6	

The next stage in the process will see the budget proposals for both the General Fund and Housing Revenue Account further refined based on the direction provided by Cabinet and emerging intelligence (especially the Local Government Finance Settlement 2024/25).

Reasons for Proposed Decision:

To provide Cabinet with an initial draft Budget for 2024/25 for consideration (alongside comments from the meetings of the Overview & Scrutiny Committee held on 21st November and 12th December 2023) ahead of the forthcoming Budget scrutiny process in January 2024; and for Cabinet to provide Finance officers with any direction required to further refine the Budget.

Legal and Governance Implications:

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report presents initial draft budget proposals that reflect a balanced position for 2024/25, although they are based on a series of estimates and assumptions that still require further refinement. Final budget proposals will be recommended by Cabinet (to full Council) on 5th February 2024 based on a range of factors, including feedback from the Overview & Scrutiny Committee on 23rd January 2024.

Safer, Cleaner and Greener (SCG) Implications:

There are no direct SCG implications contained within the report at present, although officers remain vigilant as estimates and assumptions are further refined during January/early February 2024; if any significant SCG implications should emerge, they will be clearly reported.

Consultation Undertaken:

The updated Medium-Term Financial Plan (MTFP) 2024/25 to 2028/29 – including a projected General Fund deficit of £3.720 million for 2024/25 – was initially presented to the Overview & Scrutiny Committee on 21st November 2023. A further report on Savings Proposals to address the deficit was presented to the same committee on 12th December 2023; the comments from both of those meetings will be considered by Cabinet alongside this report. This report will be presented to the Overview & Scrutiny Committee on 24th January 2024, with comments made taken forward for Cabinet consideration on 5th February 2024.

Background Papers:

None.

Risk Management:

The consideration of risk formed an integral part of the development of the proposals in this report. In particular, the Budget (and updated MTFP) is based on a series of estimates and assumptions that are informed by a range of intelligence sources (some certain, some uncertain); that process, including any residual risk in the decision-making process, is clearly indicated where appropriate.