

Committee:	Cabinet	Date:	20 February 2024
Title:	Addendum – Amendments to Medium Term Financial Strategy and 2024/25 Budget Proposals		
Portfolio Holder:	Cllr Neil Hargreaves, Portfolio Holder for Finance and the Economy		
Report Author:	Jody Etherington, Director of Finance, Revenues and Benefits	Key decision:	No

Summary

1. The Council is required to prepare detailed budget reports to enable the annual budgets for the General Fund and Council Tax, Housing Revenue Account (HRA), and the Capital Programme to be set.
2. Since the budget reports were published for Scrutiny Committee on 5 February 2024, a small number of amendments have been proposed as set out in this addendum.
3. The impact of these amendments is an additional net cost to the General Fund of £181,000 in 2024/25. Of this, £35,000 will be funded from a specific earmarked reserve. The remaining £146,000 will increase the planned deficit (to be funded from the Medium Term Financial Strategy reserve) from £995,000 to £1.141 million.
4. The amendments will increase the draw on the Medium Term Financial Strategy reserve by £220,000 over the next five years, reducing the forecast balance as at 31 March 2029 from £365,000 to £145,000. Importantly, the reserve is forecast to remain positive over the course of the Medium Term Financial Strategy period, which demonstrates the Council's ongoing financial sustainability.

Recommendations

5. It is recommended that Cabinet approve the amendment of the budget reports to reflect the changes set out at paragraphs 7-14 of this addendum, namely:-
 - freezing the green waste income collection charge for a 240 litre bin at £50.00 per year for 2024/25, at a cost of £108,000;
 - allocating an additional £78,000 of expenditure on external grants and contributions in 2024/25, with £35,000 of this to be funded from the voluntary sector reserve;
 - reducing the car park income budget by £25,000 on an ongoing basis to reflect changes to proposed new tariffs following public consultation; and
 - increasing the budget for external government grant income by £30,000 to reflect the position as set out in the final local government finance settlement.

Financial Implications

6. Financial implications are as set out throughout this report.

Impact

Communication/Consultation	Informal Cabinet Briefing
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	The recommendations fulfil the legal requirement to set a balanced budget
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Green Waste Income

7. The original budget reports proposed increasing the annual charge for garden waste collection for a 240 litre bin from £50.00 to £60.00, following a benchmarking exercise against other local authorities.
8. Given recent operational issues with waste collection throughout the district, by way of recompense it is now proposed that the planned increase for 2024/25 be cancelled.
9. The impact on the 2024/25 budget will be a loss of income of £108,000.

Grant Expenditure

10. The original budget reports proposed an ongoing reduction of £250,000 per year to expenditure on external grants and contributions, arising from a Blueprint Uttlesford review.
11. It is now proposed to increase expenditure by a one-off amount of £78,000 in 2024/25 whilst the review concludes. Of this amount, £35,000 will be funded from the voluntary sector reserve, leaving a net impact on unallocated reserves of £43,000.

Car Park Income

12. The budget for income from car parks is based upon the implementation of new tariffs which have recently been the subject of public consultation.
13. Following the consultation, which closed on 2 February 2024, a small number of changes to the proposals have now been put forward. The impact of these on the

2024/25 budget is an ongoing loss of income of £25,000.

Government Funding

14. Following publication of the final local government finance settlement on 5 February 2024, the level of government funding available to the Council in 2024/25 is £30,000 higher than the estimate used in the original budget reports.

Impact on General Fund Budget and Reserves

15. The overall impact of the above changes on the General Fund budget for 2024/25 is to increase the budgeted deficit to be financed from reserves from £995,000 to £1.176 million, as set out in the following table:

General Fund Budget Amendments 2024/25	2024/25 Original Budget £'000
Budgeted deficit to be funded from Medium Term Financial Strategy reserve - original budget reports	995
Impact of proposed amendments	
Green waste collection fees	108
Grants and contributions expenditure (net of contribution from voluntary sector reserve)	43
Car park income	25
Government grant funding	(30)
Total impact of proposed amendments	<u>146</u>
Revised budgeted deficit to be funded from Medium Term Financial Strategy reserve	<u><u>1,141</u></u>

16. The impact on the forecast level of the Medium Term Financial Strategy (MTFS) reserve over the next five years is as follows:-

General Fund Budget Amendments 2024/25	31 March 2025 Forecast £'000	31 March 2026 Forecast £'000	31 March 2027 Forecast £'000	31 March 2028 Forecast £'000	31 March 2029 Forecast £'000
MTFS reserve balance - original budget reports	7,187	10,257	6,031	3,223	365
In-year impact of proposed amendments					
Green waste collection fees	(108)	-	-	-	-
Grants and contributions expenditure	(43)	-	-	-	-
Car park income	(25)	(25)	(26)	(26)	(27)
Government grant funding	30	30	-	-	-
Total in-year impact of proposed amendments	<u>(146)</u>	<u>5</u>	<u>(26)</u>	<u>(26)</u>	<u>(27)</u>
Cumulative impact from previous years	-	(146)	(141)	(167)	(193)
Revised MTFS reserve balance	<u><u>7,041</u></u>	<u><u>10,116</u></u>	<u><u>5,864</u></u>	<u><u>3,030</u></u>	<u><u>145</u></u>

17. The above table demonstrates that the Council continues to hold sufficient reserves to cover forecast deficits over the medium term, after the amendments proposed in this addendum.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Following operational issues with waste collection in early 2024, it is possible that many users of the green waste collection service may not renew their subscriptions in 2024/25	2 – recent issues may increase the likelihood of residents not renewing the service for 2024/25	2 – any loss of subscriptions will result in a loss of income to the Council, although this is unlikely to be material	Quarterly budget monitoring and regular analysis of the financial position – a clearer picture of subscriber numbers will be available early in the new financial year. If numbers fall significantly, there may be a need to seek opportunities to reduce service costs.