

BROMSGROVE DISTRICT COUNCIL

CABINET

17th January 2024

MEDIUM TERM FINANCIAL PLAN 2024/5 TO 2026/7 – Tranche 1

Relevant Portfolio Holder	Cllr. Charlie Hotham, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
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Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY OF PROPOSALS

- 1.1 The Council will set its budget in two Tranches this year as it did in the 2023/4 Medium Term Financial Plan (MTFP) process. The initial Tranche will be published in the Autumn with approval of options sought at Council in January, with a second Tranche to be considered in January once final settlement figures are known with final budget approval sought in February. As per advice from Overview and Scrutiny as part of the Tranche 1 process, parking cost increases have been removed and will be considered in Tranche 2 of the process.

2. RECOMMENDATIONS

Cabinet are asked to Recommend to Council that:

- 1 They endorse the inputs into the Council's Medium Term Financial Plan as at the start of October, and the associated risks and opportunities.
- 2 These inputs have been used, along with the 2023/24-25/26 Medium Term Financial Plan (MTFP) agreed by Council in February 2023, to project an initial "gap" to be closed.
- 3 An initial Tranche of savings proposals, as set out in Section 3.12 - 3.25 and the associated Savings Proposal Document in Appendix A, has been published on the 14th November and any feedback will be considered by Cabinet in January 2023 prior to seeking approval at Council on the 24th January 2024.
- 4 Fees and charges are increased by 7% as part of this process.
- 5 That Commercial fees and charges, as set out in Appendix G are approved.

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- 6 Tranche 2 of this process will add further information such as the Local Government Settlement to give a final financial position for the Council.

Council have already approved in December that:

1. That the Play capital works for 2023/4 as set out in 3.38 are approved and added to the Capital Programme.

3. Background

Introduction

- 3.1 The Council sets a 3-year Medium Term Financial Plan every year, with the final Council Tax Resolution being approved by Council in February. This year's process will be more difficult due to the following factors:

- Starting the process with a £637k overall deficit across the three years of the 2023/24 MTFP.
- The present cost of living crisis.
- The fact that the Council is still to close its 2020/21 financial year and the ongoing cross sector issues in relation to Audit which are set out in the wider Finance Report.
- The movement of the Government to funding projects for specific outcomes and the movement of this from a bidding process to an "allocations" process.
- The time limited nature of these funds and the pressure this puts on other deliverables.
- Loss of key personnel, present vacancies rates, and staff retention – linked to the Workforce Strategy.
- Business Rates and Council Tax Income – and associated collection rates and reliefs linked to the "cost of living" crisis and C-19 grants working their way through our system.
- Inflation still not reducing as quickly as Government and Financial Market predictions.

As such, it is prudent to split the budget process into two tranches,

- Having an initial Tranche which seeks to close as much of the deficit as possible using information known as at the end of October and seeking approval for those savings to be implemented at Council in January,
- Having a second Tranche after the Christmas break, for which approval will be sought in February, that takes account of the Local Government Settlement whose final detail will not be known until early January.

- 3.2 This report will set out:

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- The starting position for the 2024/25 MTFP.
- The emerging national picture including expected settlement dates.
- Council Priorities
- Strategic Approach
- The Council's Base Assumptions including Inflation and Grants
- Fees and Charges update.
- Impact on Reserves and Balances.
- Capital Programme.
- Robustness Statement
- Consultation Details.

The Starting Position for the 2024/25 MTFP

- 3.3 The Council set a three year MTFP 2023/24 to 2025/26 in February 2023. The plan moved the Council to a sustainable budget position over the three year planning horizon with support from reserves to achieve this of £637k over the three year period.

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Bromsgrove Position Statement			
	2023/24	2024/25	2025/26
	£000	£000	£000
Base Budget Position 22/23 MTFP			
Expenditure	11,948	12,077	12,347
Funding	-10,360	-10,864	-10,724
Net	1,588	1,213	1,623
Revised Gap			
	1,588	1,213	1,623
Pressures			
50% Funding for Climate Change Officer	30	30	30
Savings Options			
Environmental Services Partnership	0	-25	-50
Service Reviews	-140	-330	-405
Town Hall	-70	-70	-70
Finance Vacancies	-100	-100	-100
MRP	-100	-100	-100
Pension Fund	-663	-663	-663
Engage Capacity Grid (One Off)	-200	-200	0
10% Increase in Fees and Charges	-382	-389	-390
Total Savings	-1,625	-1,847	-1,748
Revised Position			
	-37	-634	-125
Pressures			
Pay Pressure Year 1	718	718	718
Pay Pressure Future Years (1%)	0	0	155
Transport Pressure	32	33	34
Contracts Pressures	150	155	160
Core Pressures	900	906	1,067
Updated Position			
	863	272	942
Utilities Inflation	702	702	702
Tranche 1 Final Draft Position			
	1,565	974	1,644
Draft Local Government Financial Settlement			
New Homes Bonus	-127		
Services Grant	-68		
Funding Guarantee	-1027		
C Tax Base Reduction	24		
Business Rates/Investment Inc Rebaseline	-517	-200	-200
Future Years Settlements - assumption		-1000	-1000
Settlement Draft Amounts	-1715	-1200	-1200
Additional Pensions Savings	-356	-356	-356
Conversion of 50% of Utilities to a Reserve	-351	-351	-351
Revised Deficit			
	-857	-933	-263
New Pressures (Known/Ongoing)			
Fleet Refurbishment	129	258	258
SLM Contract Rebasing	400	341	275
Apprenticeship Scheme	50	50	50
Data Analyst	25	25	25
Planning Enforcement	25	25	25
WFS Increase	39	50	61
Cost of all out elections	167		
Under Recovery of 22/23 Council Tax	132		
Increased pay award - so 2%	140	140	0
Total	1107	889	694
Revised Draft Position			
	250	-44	431

Table 1 – Opening MTFP Position

The emerging national picture including expected Settlement Dates

- 3.4 Local Government is in uncharted territory. C-19 has changed significantly the way Councils and the people they serve work, or expect to be served, and this needs to be reflected in Service Plans and associated budgets.
- 3.5 The War in Ukraine has still not been resolved. This has led to Inflationary increases that initially reached levels not seen since that late 1980's although they are now starting to reduce. This has however had a significant impact on our customers and stakeholders and is now labelled a "cost of living" crisis.
- 3.6 Councils have declared "Climate Emergencies" and have challenging carbon reduction targets to deliver by 2030, 2040 and 2050. At the moment plans are within existing budgets, but as we move through the next three-year period there will be the requirement for the prioritisation of resources and approval of

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additional funding on a scheme by scheme basis. These will need to be taken account of in future budgets, although a significant part of this budget spend will be Capital in nature.

- 3.7 As mentioned in the Risk section, the Government made 2 major announcements during the LGA Conference in July 2023, both of which will significantly affect budgeting.
- The first of these was the launch of the Office for Local Government. They will look at Council data to assess performance and try to predict if Councils are getting into difficulty.
 - The second was a movement from a bidding process for Funds to that of an allocation's method using data to inform those decisions (however there is no increase in the funds being allocated/bid for). No further guidance has been issued since the original guidance from DLUHC in July 2023. However, it is now key that all Council returns are made thinking about this point and our records that are accessed by the Government are as up to date as possible.
- 3.8 There are a number of other significant factors in looking at the 24/5 budget which are linked to the Local Government Finance Market. Presently:
- There are a number of Local Authorities who have now issued S114 Statements, including the largest Council in the Country Birmingham. Given the number of Council in financial distress there is a possibility that the Government might be far more prescriptive than in previous years in its funding allocations.
 - Bromsgrove still have accounts unaudited from 2020/21 and will not have the cash receipting backlogs cleared until the end of this calendar year (2023). As such, there is still a degree of uncertainty on the overall figures, until those years accounts have been finalised and audited.
 - That in the Local Government sector, there were still circa 900 Audits from 2015/16 that are still outstanding at the end of the summer. There is an issue with audit resources to deliver these audits, with generally only upper tier authorities being close to actual timescales due to the size of their budgets. In light of this, DLUHC are looking to implement deadlines for delivery which will possibly mean significant numbers of Councils, including possibly Bromsgrove, who due to time constraints have not had audits complete might end up with qualified accounts. The Council have written to DLUHC and the LGA over this issue.
- 3.9 It is understood that the Chancellors Autumn Statement will now not happen until the 22nd November. This means that it is likely the Provisional Local Government Settlement will not take place until the week before most Councils break up for Christmas 2023. It is expected that this year's Local Government Settlement will be multi-year but, would be no longer than 2 years given the impending National Elections. The final Local Government

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Settlement will be required halfway through January to enable all precepting authorities to deliver their budgets – using this gives the following timetable:

- Initial Tranche 1 Options published – 14th November
- Cabinet discuss initial options – 22nd November.
- Chancellors Statement – 22nd November
- Provisional Local Government Settlement – Late December
- Tranche 1 approved sought by Cabinet 17th January/Council 24th January
- Final Local Government Settlement – Mid January (at the earliest)
- Tranche 2 options ready – Late January
- Tranche 2 options presented to Cabinet – 14th February
- Full Budget approved by Council – 21st February

Timescales are estimated – however the issue is that there is little time for delivery of either Tranche 1 or Tranche 2.

Council Strategic Priorities

- 3.10 The Leader and Portfolio Holders, with the support of the Corporate Management Team, will be reviewing current strategic priorities in the Autumn. Inputting into this process will be:
- Annual Community Survey 2022
 - Community Priorities Survey
 - Cost of Living survey
 - Census
 - [Office of National Statistics](#)
 - Current priorities
- 3.11 Bromsgrove District Council's current priorities are underpinned by a set of key themes. These are set out in the current Council Plan 2019 – 2023 and in the Council Plan Addendum 2022/23. The 5 themes are:
- Run & grow a successful business.
 - Finding somewhere to live.
 - Aspiration, work & financial independence.
 - Living independent, active & healthy lives.
 - Communities which are safe, well-maintained, and green.
- 3.12 The council's vision, priorities and themes are connected using a 'green' thread:
- “To enrich the lives and aspirations of all our residents, businesses and visitors through the provision of efficiently run and high-quality services, ensuring that all in need receive appropriate help, support and opportunities”.
- 3.13 The council cannot deliver all priorities on its own. In some cases it can support, influence, or work collaboratively with other partner agencies to persuade them

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to take a particular course of action/undertake a particular project. Considerable support and input from partner organisations will be needed for priorities to be successfully achieved.

Strategic Approach

- 3.14 The Council has come into the 2023/24 budget process with a number of conflicting issues. These include:
- An ongoing deficit to close of £637k from the 2023/24 MTFS.
 - The requirement to fund the 23/4 pay award which is 5% higher than planned at an average value of 7%.
 - Increases in Council Tax are limited at 2% or £5, which is significantly lower than the present rates of inflation.
- 3.15 The Council must move to financial sustainability over the time scale of the next MTFS and indeed was on course for this before the agreement of the 2023/4 pay award. Given the magnitude of the savings due to this it is not prudent to expect the movement to sustainability to happen by 2024/5. However, the level of reserves and balances presently held suggest that moving to sustainability by 2025/26 would be deliverable without a strain on resources for any emergency situation.
- 3.16 As such, the strategy must be to move the Council to financial sustainability by the 2025/26 financial year. To get to this position there will be the need for investment, efficiencies and possibly the requirement to fund redundancy (both from reserves and balances). These requirements will be outputs from the Council having to implement changes to the way it operates to continue to become a viable entity going forward.
- 3.17 As set out later in the Robustness Statement, in compiling Tranche1 of the budget, assumptions have been made based on the best information held now. Issues the Council is facing are not unique, they are being faced by almost all Councils. Tranche 2 of the budget will adjust for any funding that the Government will provide and also look at other options to close any deficit should the Government settlement not bridge any resultant gap. Initiatives that will be assessed in Tranche 2 (as more time is required to analyse these individual options) include:
- Ensuring Grants are maximised.
 - Ensuring Agency work reflects the income provided for its delivery.
 - Reviewing the effectiveness of the Council's largest Contracts.
 - Maximising the effectiveness of our refuse fleet
 - Reviewing the location and effectiveness of our Depot
 - Assessing the Council's leisure and cultural strategy in terms of affordability
 - Reviewing recharging mechanisms between the Councils for appropriateness

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- Rationalisation of Back Office services as we embrace technology.
- 3.18 Many of these initiatives will require investment, for which the only present source of funding is reserves (General Fund and Earmarked Reserves). Key areas of investment will be:
- Documentation of Processes
 - Investment in automation and robotic processes
 - Possible redundancy – through restructures

3.19 However, in any situation, the Council must move to sustainability by the 2025/26 financial year.

The Council's Base Assumptions including Inflation and Grants

3.20 It is important to set out the base assumptions under which the budget is constructed. These assumptions can then be stress tested for various scenarios to test the robustness of the overall budget.

3.21 Tax Base and Corporate Financing underlying assumptions are as follows:

- Council Tax – Figures assume the full 1.99% allowable increase over all years of the 3 year MTFP. The Local plan has housing increases of 363, 457 and 338 in the three years of the MTFP. For prudence, it is assumed that increases of 150, 200 and 150 over the three year period.
- Business Rates Increases – business rates assume no growth in the base.
- New Homes Bonus – It is assumed to be none in 24/5 onwards pending any change that might be announced in the Local Government settlement.
- Services Grant - It is assumed that Central Government Grants are at similar levels to previous years (as was the case in 2023/4)
- Pension Fund assumptions – takes account of the latest triennial valuation which was received in September 2022. A significant risk is that the next revaluation will be actioned in 2026 and as such the 2026/7 figure could well change pending the outcome of that exercise.

3.22 Grant support assumptions are as follows (Revenue and Capital). It should be noted that these are budgeted figures and final grant figures will not be confirmed until the time of the final Local Government Settlement.

- The main Revenue Grants are
 - S31 Grant - £1.126m
 - Housing Benefit Administration Grant - £0.148m
 - Housing Benefit Grant - £11.0m
 - Revenue Cost of Collection Grant - £0.119m
- The Council has £14.492m of Levelling Up Grant to be spent by April 2025 which is match funded by £1.610m of Council funding.

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- The Council has £2.6m of UK Shared Prosperity Fund to spend by April 2025. This is both revenue and capital in nature.

3.23 There are significant pressures mounting on the Council (these are all reflected in **Appendix A**).

- The Q1 2023/4 monitoring sets out the issue on the pay award, which has been mitigated in part 2023/4 by the use of the Utilities Reserve. This still leave a £437k deficit for the year.
- However, the ongoing impact of the new pay award on our ongoing £15.4m employees budget at an average of 7% Increase is £1,078k a year. However, we have already accounted for a pay award of 2% (£308k) reduces this amount to an ongoing £770k a year to resolve.
- It is also prudent to increase the Councils 2024/5 pay award impact from 2% to 3% given the significant increases that have been offered by the Employers during 2022/3 and 2023/4. The 2025/6 and 2026/7 pay awards are assumed to be 2%.
- Although inflation is coming down, at this point of time it is also prudent to include a 5% budget for inflationary increases.
- However, we have the following budgets that were included in the 2023/4 budget but have not been called on yet that could partially mitigate these pressures which include:
 - We are only using 60% of the utilities budget increases this frees up £140k a year
 - We have not called on the circa £180k of inflationary increases to contracts which was added to the base budget.
- In addition, there is the £351k utilities reserve that will have no calls on it for 2024/5 and 2025/6.
- We have included as an appendix the impact of a 7% increase in fees and charges (non parking) – this amounts to an additional £273k. This increase is in line with the inflationary increases to salaries which are running at just over 7% and inflation which as of October 2023 was 6.8%. Looking at a sensitivity analysis around this figure (although the increases mean that the Council is just keeping pace with cost increases):
 - If this increase was below inflation at just to 4% this would lead to a savings/Income budget of £156k. However, at this level there would be an ongoing deficit of £117k that would never be recovered.
 - An 8% increase would lead to a savings/income budget of £312k.
 - It should be noted that another district in Worcestershire is looking to increase WRS fees and charges by just under 7%. Given that it is common practice to increase these fees and charges by the same across the County, the increases would be in line with these levels.

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- We have also assumed that inflation on fees and charges will be 2% in 2025/6. This amounts to an additional £101k in 2025/6 and £103k in 2026/7.
 - The 2023/4 MTFP made the prudent assumption that not all the 2023/4 local government settlement was included in 2024/5 and 2025/6. This amounted to £515k (a level of £1.2m was assumed not £1.7m). As part of the base 2024/5 MTFP the assumption will be made that the central Government funding levels will be at the same level as previous years. This has reflected the reality of recent funding settlements.
 - As part of the 23/4 MTFP, Departments had lists of possible savings areas. These are set out in Appendix B.
- 3.24 Given these changes, a surplus position of circa £182k is projected for 2024/5, reducing to £53k in 2025/6 and £78k in 2026/7. This is before departmental pressures.
- 3.25 Departmental pressures are summarised in the following table and amount to £353k in 2024/5 increasing to £378k in 2026/7.

Service Adjustments				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		30	30	30
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
NWWM Increased Charges		39	39	39
Interest Charges on Updated Capital Programme		35	36	36
MRP Increases on Capital Programme		24	46	48

Table 2 Departmental Pressures

- There is presently a target of £500k for the reclaiming of Benefit overpayments. We now have more accurate information and processes which mean that initial payments are more accurate and the need for recovery of overpayments has diminished. Over the past 2 years the Council has recovered under half of this amount (with many linked to Universal Credit payments) and so it is prudent to reduce this amount to £300k.
- The Government has still not provided guidance on Waste delivery. The Council has a diesel fleet which could use HVO fuel would reduced the Carbon footprint of the fleet and the Council significantly. With alternatives to Diesel (Electric and Hydrogen powered vehicles) being extremely expensive with vehicles 2 to 4 times more expensive than existing vehicles it would be prudent to ensure the fleet used HVO fuel, significantly reducing the Council's carbon footprint. However, HVO fuel at the moment is significantly more expensive than diesel and this would cost an additional £100k a year. The Councils Carbon pledge is to move to this position over time so a £30k increase in budget allows for, prices

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dependent a 30% use of this fuel and an estimated savings of 206 tonnes of greenhouse gases from the fleet.

- The HR structure reports into one post. This funding added a second senior post to relieve pressure in this service area. This is a shared service and so costs are split with Redditch.
- There is the new requirement for the monitoring of the Private Housing Sector. There is a capital bid of £30k for software to undertake this. The ongoing licensing costs are £15k a year as they will be shared with Redditch.
- The present pilot scheme on planning enforcement being delivered by Worcester Regulatory Services was in the Tranche1 options. This has been removed pending a far more detailed report on Enforcement in Tranche 2.
- The North Worcestershire Water Management Service Level Agreement with Redditch and Wyre Forest is being revised to reflect actual provision. The existing allocations are the existing proportion of costs are Wyre Forest 52% (£105k), Redditch 26% (£66k) and Bromsgrove 22%. (£61k). These will change to 43% Bromsgrove, 32% Wyre Forest and 25% Redditch. This would be a current year budget equivalent of Bromsgrove £100k, Redditch £67k and Wyre Forest £72k.
- The Capital section sets out new items and changes to the Capital programme. These will be addressed in that section. However, there are ongoing additional revenue costs of those schemes that amount to £35k for interest charges and £24k for Minimum Revenue Provision requirements.

The Service Level Agreement between the Council and Wychavon District Council for the management and enforcement of on and off street parking increases are being reviewed by the Overview and Scrutiny Committee and will form part of the Tranche 2 proposals

- 3.26 These departmental changes result in an overall £172k pressure in the 2024/5 financial year reducing the overall position to a deficit of £323k and then £300k by 2026/7. The whole revenue budget is summarised in the table on the following page.
- 3.27 To meet strategic priorities, the Council requires more funding. In reviewing the possible areas of savings set out in Appendix A, it was agreed that all need to be assessed as part of the 2024/5 MTFP process although the following three should be prioritised so that their impact could be possibly included in Tranche 2 of the budget:
- Recharges
 - Debt costs – given the slippage in the Capital Programme.
 - Business Rates Re-baselining.

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Table 3 Revised MTFP Position

Bromsgrove Base Position (Revised Tranche 1)				
	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Base Budget Position 22/23 MTFP				
Expenditure	11,948	12,077	12,347	12,347
Funding	-10,360	-10,864	-10,724	-10,724
Net	1,588	1,213	1,623	1,623
Revised Gap 22/23 MTFP	1,588	1,213	1,623	1,623
Phase 1 Savings 2023/24 MTFP	-1,625	-1,847	-1,748	-1,748
Revised Position	-37	-634	-125	-125
Phase 1 Pressures 2023/24 MTFP	1,602	1,608	1,769	1,769
Phase 1 2023/24 MTFP Position	1,565	974	1,644	1,644
Local Government Settlement	-1715	-1200	-1200	-1200
Additional Savings (Phase 2)	-707	-707	-707	-707
Additional Pressures - Phase 2	1107	889	694	694
Final 2023/24 MTFP Position	250	-44	431	431
Known Changes				
23/4 Pay Award - 4% More than planned		770	770	770
Utilities Increases running at 60% - 40% Savings		-140	-140	-140
Existing Inflation Budget (Unallocated)		-188	-194	-194
Inflation on Contracts - additional 5%		90	90	90
Additional 1% on 24/5 Pay Award - to 3%		154	154	154
7% Additional Fees and Charges Income		-273	-273	-273
Additional 2% Pay Award for 26/7				308
Quarter 1 23/4 Overspend position	788			
Use of 23/4 Utilities Reserve	-351			
2% Council Tax 2025/6			-191	-191
2% Council Tax 2026/7				-195
Year 2 Fees and Charges Income at 2%			-101	-101
Year 3 Fees and Charges Income at 2%				-101
Increase in number of Properties (Ctax Income)		-36	-84	-121
Government Grant at 23/4 Levels		-515	-515	-515
Draft Opening Position	437	-182	-53	-78
Service Adjustments				
Reduction in Benefits Overpayments Target		200	200	200
Use of HVO Fuel by 100% of Fleet		30	30	30
Increase in HR Establishment		10	10	10
PRA Housing Licence Costs		15	15	15
Nw/M Increased Charges		39	39	39
Interest Charges on Updated Capital Programme		35	36	36
MRP Increases on Capital Programme		24	46	48
Revised Opening Position	437	172	323	300

Fees and Charges update

- 3.28 The section, looks at the impact of proposed Fees and Charges increases for the 2024/25 Financial year. These increases are shown in detail by service in the Fees and Charges Report which is shown as Appendix C. The table below highlights the possible increase of income if 7% was applied across the board. The 7% has been applied to Contributions and Fees and Charges (not parking) budgets and not on SLA Income or lifeline, where charges are set statutorily, and charges across more than one area.

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	2024/25	2025/26	2026/27
Existing Budget	-3,786,000	-3,791,000	-3,791,000
7% Increase 24/5	-273,000	-273,000	-273,000
2% Increase 25/6		-101,000	-101,000
2% Increase 26/7			-101,000
Revised Budget	-4,059,000	-4,165,000	-4,266,000

Table 4 Fees and Charges Increases at 7%

- 3.29 Also included at exempt Appendix G are the fees and charges for Commercial Activities. Given the commercial/competitive nature of these services, they are not circulated for consultation like the other Fees and Charges. These increases are built into the above numbers.
- 3.30 The overall impact on the Council's position is set out in the following section. In setting the base budget levels to apply the increases an assessment has been made on deliverability.

Impact on Reserves

- 3.31 The existing 23/24 MTFP saw general fund balances reduce by £637k over the three year period as the original plan moved the Council towards sustainability. In the 2023/4 budget, the Council was prudent and reviewed all its earmarked Reserves and reallocated a substantial amount to the General Fund and also a newly formed Utilities Reserve due to the significant pressure on budgets in that area. As we have moved into 2023/4 there have been additional inflationary pressures, although they have been due to staffing and the 2023/4 allocation of the Utilities Reserve has been used to mitigate these. Years 2 and 3 of this reserve are not required and have been transferred to the General Fund to bolster its position.
- 3.32 The projected 2024/5 to 2026/7 position, at Tranche 1, has £795k of pressures to mitigate. If alternatives are not found in Tranche 2 then the General Fund will be required to support this deficit. Presently the general Fund sits at a value of £5.120m (assuming that it is required to fund this shortfall) at the 31st March 2027. This sum is approximately 10.5% of gross expenditure and above the 5% benchmark quoted by the Government a being a minimum requirement. If Housing benefit payments, which are passported through the Council are ignored than this percentage rises to 15.9% of gross expenditure.
- 3.33 The analysis in Table 5 sets out the effects on Council General Fund and Earmarked Reserves. Full detail is set out in Appendix D

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Reserves Position	2023/24	2024/25	2025/26	2026/27
General Fund Opening Position	5,800	5,213	5,743	5,420
General Fund Changes	-587	530	-323	-300
General Fund Closing Position	5,213	5,743	5,420	5,120
Earmarked Reserves	6,329	5,502	5,502	5,502

Table 5 Reserves Position

- In 2023/4
 - We start with £5.800m in the General Fund Reserve.
 - £100k will be moved into the it from the Rates Reserve
 - £250k was already being used to subsidise the base budget
 - The overspend position is £437k
 - This results in a closing 23/4 position of £5.213m
- In 2024/5
 - We start with £5.213m
 - We propose to transfer years 2 and 3 of the utilities reserve in as the view is that this is now not required - £0.702m.
 - There is a £172k deficit figure that will need funding.
 - This results in a closing 24/5 position of £5.743m
- In 2025/6
 - the opening position is £5.743m
 - The present draft budget is a deficit of £323k which will require funding.
 - This results in a closing 25/6 position of £5.420m
- In 2026/7
 - the opening position is £5.420m
 - The present draft budget is a deficit of £300k which will require funding.
 - This results in a closing 26/7 position of £5.120m

Capital Programme

- 3.34 The Council over the past number of years has not spent its capital programme allocations in year. A review has been carried out of
- All schemes that have not started (both from 22/23 and from previous years)
 - Schemes that have started
- To assess deliverability and links to revised strategic priorities.
- 3.35 Present rationale is for any scheme not yet started (unless grant or S106 funded) to rebid for funds as part of the 2024/25 budget process. There will be the need to add items to the capital programme to include sums for:
- ICT hardware (such as laptops, etc)
 - Property Maintenance budgets (as minimal and significant work is required to ensure energy efficiency compliance).

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3.36 The priority in capital terms is for the Council to spend its grant funding. It has the following:

- Levelling Up of £16.1m (£14.5m Grant, £1,6m Council)
- UK Shared Prosperity Funding of £2.8m

This funding is time limited and must all be spent by 2026 (with UKSPF being 2025). Therefore, there is a question over what resources would be available to manage any significant capital spend above these schemes.

3.37 Appendix E sets out the present capital programme as agreed at Council in February. It should be noted that in the original capital programme was in 2025/6 £1.597m of requirements for Barnt Green Millenium Park Toilets. This should have been removed as it was in-correct, and the works had been completed. Spend to date is £1.654m. Of this amount is £0.635m which relates to the Burcot development. This takes total Burcot development spend up to £11.2m of the total £11.6m budgeted costs.

3.38 The table below highlights additional Capital Programme bids, and incorporates bids approved in the Quarter 1 financial monitoring for approval. The revenue budget takes account of these additional costs. Full descriptions are set out in the Savings Proposal document.

	23/4	24/5	25/6	26/7	27/8
Q1 Approves Change - Fleet Replacement Costs	£9,400		£15,000		
Q1 Approved Change - Wheely Bin Increas	£85,000				
Q1 Approved Change - Wild Flowes Machinery	£62,000				
Revised Total	£156,400	£0	£15,000	£0	£0

Table 6 – Capital Programme Changes

3.39 The following table summarised the Play Area requirements known at the moment. As per Council on the 25th October, Members are feeding through further Parks and Open Spaces requirements.

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Leisure Requirements	23/4	24/5	25/6	26/7	27/8
Cotton Pool Sanders Park	£32,500				
Sanders Park Pavilion improvements		£10,000			
Sanders Park refurbishments to café building exterior		£10,000			
BDC Play areas	£35,000	£100,000			
Additional parking as per Engineering team plan Sanders Park		£215,000			
Pathway and parking areas repairs Sanders Park		£14,500			
Clr request Install height restrictor and bollards / hoops to car park to prevent traveller access		£15,000			
MMP recommendation. Check that the access ramp from Leach Heath Lane is DDA compliant. St Chads	£20,000				
Total	£87,500	£364,500	£0	£0	£0

Table 7 Play Area Audit Requirements

An Initial Risk Assessment

- 3.40 As set out the Strategic Approach and Robustness Statement sections we are budgeting in a time of extreme uncertainty.
- 3.41 As per the Risk Reports that are reported to both Executive and Audit, Governance and Standards and Committees these are:
- Resolution of the approved budget position.
 - Financial process rectification.
 - Decisions made to address financial pressures and implementing new projects that are not informed by robust data and evidence.
 - Adequate workforce planning.
 - The next Pension fund re-valuation which will impact 2026/7 figures.
- 3.42 The core risks of implementation
- Any savings proposal must pass the S151 Officers tests for robustness and delivery. If items are not deliverable or amounts not obtainable, they cannot be included.
 - Implementation of savings to time and budget – there must be full implementation processes documented to ensure implementation within timescales.
 - Non delivery is a high risk - Savings tracking and ensuring implementation happens based on the plans and the assumptions will become part of the Council's core processes
 - Loss of key personnel will be crucial in a number of proposals and mitigation plans will need to be drawn up
 - Change of corporate direction/priorities

Robustness Statement

- 3.43 For Tranche 1, the opinion of the Interim Director of Finance is that the 2024/25 budget estimates contain considerable risk due to the level of

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uncertainty in the Council's operating environment, making it problematic to develop meaningful assumptions.

- 3.44 The revenue budget and capital programme have been formulated having regard to several factors including:
- Funding Available.
 - Inflation.
 - Risks and Uncertainties.
 - Priorities.
 - Service Pressures.
 - Commercial Opportunities.
 - Operating in a Post C-19 environment.
- 3.45 The MTFP highlights that the current financial position is potentially untenable without some form of intervention or further substantial savings and this will become clearer with the Chancellors Statement in November. Whilst a balanced budget for 2023/24 was approved with the use of reserves and balances in February 2023, the Council is currently forecasting a £0.4m overspend in 2023/24 due to the additional demands placed on it due to the provisional pay award, which in turn is utilising reserves balances to fund these pressures.
- 3.46 Given all the uncertainty which encapsulates this MTFP, the assumptions have been based on the best available information to the Council at this time. Work will continue in validating all assumptions, robustly challenging estimates, ensuring the delivery of existing saving plans. Updates will be included in Tranche 2 of the MTFS and balanced budget setting process.

Tranche 1 Feedback

- 3.47 Tranche One is the first Phase of the 2024/25 budget process. The proposals are set out in the Savings Proposal Document. A feedback section is included at the end of that the document. To date there has been no feedback, which is to be expected as the Tranche1 options did not contain savings as the Council needs to know what is in the Local Government Settlement before deciding if reductions are necessary. The draft consultation timetable is in Table 5.

Savings Proposals and MTFP Published	14 th November 2023
Budget Scrutiny Committee	21 st November 2023
Cabinet	22 nd November 2023
Feedback Closing Date	5 th January 2024
Cabinet	17 th January 2024
Council	24 th January 2024

Table 8 Consultation Timetable

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3.48 Hard copies of the Savings Proposal Document (Appendix A) can be available on request. The Savings Proposal Document will be published on the website and internal intranet (Orb) for residents, businesses and staff to view and provide responses via an online survey. The Council has raised awareness of the budget proposals via use of social media.

4. IMPLICATIONS

Financial Implications

4.1 Financial implications are set out in section 3.

Legal Implications

4.2 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Council's statutory function.

Service / Operational Implications

4.3 Monitoring will be undertaken to ensure that income targets are achieved.

Customer / Equalities and Diversity Implications

4.4 The implementation of the revised fees and charges will be notified in advance to the customer to ensure that all users are aware of the new charges and any concessions available to them.

4.5 Initial Equalities Impact Assessments will be taken where required.

5. RISK MANAGEMENT

5.1 There is a risk that if fees and charges are not increased that income levels will not be achieved, and the cost of services will increase. This is mitigated by managers reviewing their fees and charges annually.

6. APPENDICES

Appendix A – Savings Proposal Document

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Appendix B – Possible Savings Areas
Appendix C – Fees and Charges by Service
Appendix D - Reserves
Appendix E – Existing Capital Programme
Appendix F – Confidential Fees and Charges (Exempt Information)

6. BACKGROUND PAPERS

None.

7. KEY

None