

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

MEDIUM TERM FINANCIAL PLAN 2025/6 TO 2027/8 – Tranche 1

Relevant Portfolio Holder	Cllr. Steve Colella, Finance Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Head of Finance & Customer Services email:debra.goodall@bromsgroveandredditch.gov.uk Contact Tel:
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.	

1. SUMMARY OF PROPOSALS

- 1.1 The Council will set its budget in two Tranches this year as it did in the 2023/4 and 2024/5 Medium Term Financial Plan (MTFP) processes. 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.

2. RECOMMENDATIONS

Cabinet are asked to Note 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 2024/25-26/27 Medium Term Financial Plan (MTFP) agreed by Council in February 2024, to project an initial "gap" to be closed.
- 3 An initial Tranche of savings proposals, as set out in Section 3.25 and the associated Savings Proposal Document in Appendix A, will be published on the 12th November and any feedback will be considered by Cabinet in January 2025 prior to seeking approval at Council in January 2025.
- 4 Tranche 2 of this process will add further information such as the Provisional Local Government Settlement to give a final financial position for the Council.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

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 takes account of the following factors:
- The starting point from the 2024/5 MTFP is positive with respective neutral balances at the starting points for both years.
 - That this is the first budget of a new National Government and will be for only 1 year in duration. The Government have indicated that resources are tight in the Chancellor of the Exchequers initial briefing on the 30th July 2024.
 - The present cost of living crisis which continues to impact our most vulnerable residents.
 - Three years accounts (2020/21 to 2022/23) where the Council has/will receive a disclaimer opinion (like many other Councils). In plain terms, a disclaimer means that the External Auditors have been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority). A disclaimer due to the backstop does not of itself indicate a local authority failing.
 - The continued uncertainty of the existing movement of the Government to funding projects for specific outcomes and the movement of this from a bidding process to an "allocations" process. This includes the time limited nature of these funds and the pressure this puts on other deliverables.
 - Uncertainty over the final mode of working for the Council and what will be required by the new Government, our residents and our Members.
 - Loss of key personnel, present vacancies rates (although only half the national average), 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 is now moving back to the Government target of 2%.

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, after the Chancellors Statement but before the Local Government Settlement) 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.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

3.2 This report will set out:

- The starting position for the 2025/26 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 2025/26 MTFP

3.3 The Council set a three year MTFP 2024/25 to 2026/27 in February 2024. The plan moved the Council to a sustainable budget position over the three year planning horizon with minimal support from reserves to achieve this.

Table 1 – Opening MTFP Position

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

	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 - Tranche 1 24/5				
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 Tranche 1 Position	437	172	323	300
Council Tax - Increase to 3%		-91	-91	-91
Planning Income (Base Budget £580k) at 25%		-145	-145	-145
Parking Income		-100	-100	-100
Actual Impact on budgets of Pay Award		-125	-125	-125
Business Rates adjustment		-427	-350	-350
WRS Additional Food Safety Officer		33	33	33
Parking SLA Increase		60	60	60
Planning and Environmental Enforcement		85	85	85
Play Audit - Revenue Implications		10	30	50
Housing Strategy Report		71	71	71
Additional Committee Services		40	40	40
NWedR Back in House		73	73	73
Changes in other Central Grants		30	30	30
IPR Recommendation		33	33	33
Citizens Advice Funding		10	10	10
Parking Review		50	0	0
1% Increase to Pay Awards in 24/5 to 4%		154	154	154
Provisional Funding Announced on 23rd January		-126	-126	-126
Regeneration Reserve		150	0	0
Landlord Capital Requirement of Artix at £20k a year		1	3	5
Updated Position Tranche 2		-42	8	7

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

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 reducing to almost pre War levels. 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 the Council moves through the next three-year period there will be the requirement for the prioritisation of resources and approval of 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 The previous Government made 2 key changes in 2023, both of which will significantly affect budgeting.
- Following the launch of the Office for Local Government in 2023, with a change in Government their remit might change and move away from looking 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. 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 will have 3 years of accounts that will have a Disclaimer Opinion issued by the External Auditor. Although issues highlighted in previous years MTFP reports have been resolved, it is unclear how these "Disclaimer Opinions" will impact on Councils and indeed upon the 2023/4 Audit process.
 - That in the Local Government sector, there were still circa 700 Audits up to 2022/23 that are still not Audited at this time across Councils in England.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 3.9 The Chancellors Autumn Statement was made on the 30th October had the following impacts on Council budgets:
- A 3.2% real-terms increase in Core Spending Power (CSP) for the whole sector in 2025-26. This will include £1.3b additional grant funding, of which at least £600m will be directed to social care.
 - The Budget was silent on council tax referendum limits, but the DCN expectation is that referendum principles will stay at 2.99% for districts.
 - £233m new funding for homelessness prevention. This will be in addition to the £1.3b grant funding mentioned above.
 - £1b to extend the Household Support Fund and Discretionary Housing Payments into 2025-26.
 - £1.1b new funding through implementation of the Extended Producer Responsibility scheme for recycling.
 - Right to Buy: councils will be permanently allowed to retain 100% of receipts locally and discount levels will revert to pre-2012 levels from 21st November.
 - Business Rates support to the retail, hospitality and Leisure sector, although it is not known the route of compensation yet for Councils.
 - A £500m increase to the Affordable Homes Programme in 2025-26.
 - UK Shared Prosperity Fund has been extended for 2025-26 at a reduced level of £900m, a 40% decrease on the current year. It is not yet clear whether this funding will continue.
 - to be allocated directly to district councils in two-tier areas.
- 3.10 It is good news that the sector will get a real-terms funding increase, **but it is not yet clear how this increase will be distributed** and whether it will mean district council spending power rises in real terms. We will have to wait until the provisional Local Government Finance Settlement for more detail. The changes to business rates in relation to Public Schools was already announced in the July Statement.
- 3.11 The Government signalled it will reform the local government funding system after 2025-26 and will carry out a broader redistribution of funding to better reflect local need (previously known as Fair Funding) through a multi-year settlement from 2026-27. It has also signalled its intention to embark on local government reorganisation to deliver “efficiency savings”. It will set out more detail in the English Devolution White Paper, likely to be published in late 2024.
- 3.12 The Government is expected to publish a finance policy statement in mid/late November to set out the key decisions and principles for the provisional Local Government Finance Settlement. The provisional Local Government Finance Settlement is still anticipated in mid-December. This will set out the detail of funding allocations for individual councils.
- 3.13 On the cost side, as an employer there are the following additional costs;

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- Employer national insurance (NI) contributions will increase by 1.2% to 15% from April 2025. The threshold for paying this will decrease to £5k per year. The expectation of the DCN is that councils (and other public sector employers) will be compensated for the cost of employer NI increase but confirmation is awaited. The impact of this on Bromsgrove if this was not funded is £144k.
- The National Living Wage will increase by 6.7% to £12.21. Minimum wage for 18- to 20-yearolds will increase by 16% to £10 per hour. We are assessing this impact of this.

3.14 This year's Local Government Settlement will be a single year but the next years settlement after consultation in the spring will be multi year. This gives the following timetable for the 2025/6 process:

- 29th October – Chancellors Announcement
- 30th October – Phase 1 Budget and Fees and Charges to CMT
- **6th November - Phase 1 Budget and Fees & Charges approved at CWG**
- 20th November – Phase 1 Budget and Fees & Charges approved for Consultation by Cabinet
- 11th December – Phase 1 Budget and Fees & Charges Consultation Responses/Updates at CWG
- 18th December – Estimated Provisional Local Government Settlement Date
- 7th January - Phase 1 Budget and Fees & Charges approved by Cabinet
- 8th January – Phase 2 Budget approved by CMT
- 15th January – Phase 2 Budget approved by CWG
- 22nd January – Phase 1 Budget and Fees & Charges Approved by Council
- 12th February – Phase 2 Budget approved by Cabinet
- 19th February – Phase 2 budget and Council Tax Resolution approved by Council

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

Council Strategic Priorities

3.15 With the change of the Councils political leadership following the 2023 Elections a new set of Strategic Priorities has been set linked to a new Council Plan. This were approved at Cabinet and Council in July 2024. The development of the Council Plan had taken place over a number of months and had begun with some sessions supported by the Local Government Association (LGA). Once key priorities had been identified, there were two further workshops with Cabinet Members and the Corporate Management Team (CMT) to progress further the key priorities that had previously been identified.

BROMSGROVE DISTRICT COUNCIL

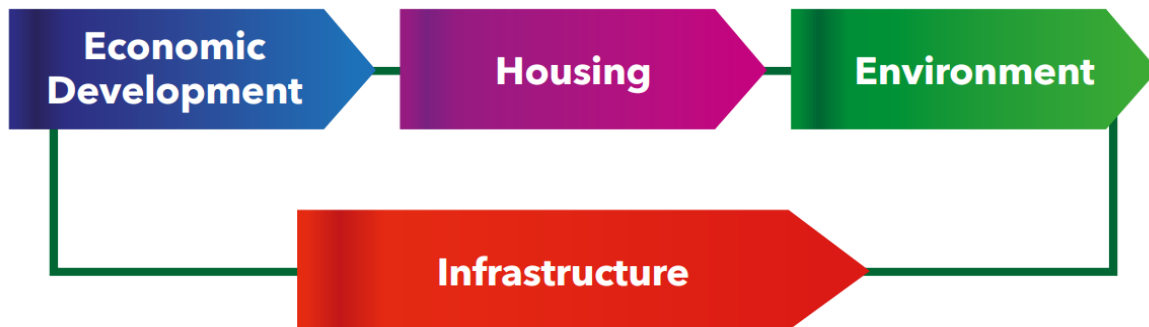
CABINET

10th December 2024

3.16 The final Council Plan provided an overarching vision for the District with the four new priorities as follows:

- Economic Development
- Housing
- Environment
- Infrastructure

'We aspire to create a welcoming environment that prioritises quality of life, where residents and businesses feel a deep sense of belonging and connection.'



3.17 The council's vision, priorities and themes are connected using a 'green' thread:

"A green thread runs through the Council plan. Climate change and carbon reduction are key issues within the plan and the relevant measures identified to evaluate performance will help the Council to understand both activities and progress in this area".

3.18 Opportunities and Challenges highlighted in the plan include:

The opportunities include:

- The location of Bromsgrove for business; with Worcestershire, regionally and beyond.
- The entrepreneurial and community spirit within Bromsgrove District.
- Keeping businesses in the district when they grow.
- The amazing natural environment of the district.
- The creative options provided through new technologies to enhance our services and our customers experiences.

The challenges include:

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- The ongoing financial challenge- to both the organisation but also our communities and residents through the real pressures presented by cost of living and the housing market.
- Continuing to support those who are most vulnerable, and manage the increasing costs.
- Keeping businesses in the District when they grow.
- Understanding the different community needs across the district
- The need for enhanced digital and physical connectivity.

3.19 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 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

3.20 The Council has come into the 2025/6 budget process in a relatively stable position but with some key underlying issues. These include:

- A balanced budget over the 2024/25 to 2026/27 period.
- Good levels of General Fund Reserves.
- An underlying issue with the Waste Collection fleet which has an ongoing cost of over £500k a year.
- The requirement to fund the 24/5 pay award if it is over the 4% assumed in the Council's budget.
- Increases in Council Tax are limited at 2% or £5, which is significantly lower than the present rates of inflation.
- The implications of the 2026 Triennial revaluation of the Pension Fund. The 2023 revaluation saw a budget reduction of circa £1m, however with "live" numbers reducing it is possible this cost will rise from 2026/27.

3.21 The Council has moved to medium-term financial stability, the 2024 MTFP achieved this. It is critical that the Council is financial sustainable for it to operate at maximum efficiency for its stakeholders and residents. The level of reserves and balances presently held suggest that the Council is in a strong financial position, but ongoing budget sustainability is key to delivering this over the long term.

3.22 As such, the strategy must be to continue to keep the Council financial sustainability in the medium and long terms by setting balanced ongoing budgets. To remain in 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.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

3.23 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.
- 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
- Rationalisation of Back Office services as we embrace technology.

3.24 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
- Cleansing of master data (including its importance in procurement and maintenance of contracts)
- Possible redundancy – through restructures

The Council's Base Assumptions including Inflation and Grants

3.25 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.

3.26 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 457 and 338 in the first two years of the MTFP. For prudence, at the moment it is assumed that increases of 200 and 150 over these years.
- Business Rates Increases – business rates assume growth based on Pooling with the other Districts and the County Council.
- New Homes Bonus – It is assumed to be none in 25/6 onwards.
- Services Grant - It is assumed that Central Government Grants are at similar levels to previous years (as was the case in 2023/4 and 2024/5)

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 3.27 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, with Market Hall spending extended to September 2025, which is match funded by £1.610m of Council funding.
- 3.28 There are significant pressures mounting on the Council. At Q2 the overall revenue financial position is a £344k overspend position. This position is set out in detail in an additional report to this Committee today. The significant area of overspend is the maintenance costs of the fleet and clarity on its purchase date, and how far it impacts 2025/26, is required before it is added to this analysis. The remainder of salary based issues are part of the Corporate Adjustment section.
- 3.29 Corporate Changes include for Tranche 1 2025/26 are:
- The Pay Award is increased from 2% to 3% for 25/6. This would be an additional £154k cost. In her Statement on the 30th July, the Chancellor did say that Government would accept acceptance the recommendations of the independent Pay Review Bodies for public sector workers' pay. If a 3% pay award is agreed then it would follow that the Council should receive £450k of funding for that award. However, until this is agreed, nothing will be assumed for associated funding. The Chancellors Statement on the 30th October spoke of a 3.2% increase of core spending power, but we need to see the detail to be sure.
 - Pension Fund Actuarial Triennial Revaluation. The Council did very well in the revaluation which came into effect for the 2023/4 financial year and which finishes in the 2025/6 financial year. Overall the Council had circa £1m of savings on the payments for each year. Although the fund continues to perform well we are concerned on the reducing numbers of live members in the scheme and so have included an amount from 2026/7 of £200k as a potential risk.
 - Fees and Charges assumed an increase of 2%. However, given 50% of fees and charges costs link to staff costs and these possibly will increase at 5% for the 2024/5 financial year. Therefore, to keep pace this this increase of costs it is proposed that 3%, 4% and 5% increases are looked at. These amounts to additional income of the following for each scenario:

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 3% Increase - £100k
- 4% Increase - £200k
- 5% Increase - £300k

It should be noted that at the recent WRS Board, other Board Members were looking to increase Fees and Charges tariffs by at least 3%. WRS numbers are not included pending discussions across members of the level of increases.

- Until more information is understood in the detailed Local Government Settlement in December, it is assumed that Grant levels will remain at present levels.
- The largest change however will link to upcoming Waste Requirements. The Council is required to implement these proposals from April 2026, which the Council challenging present Government Funding allocations. The impact on Council budgets is significant in terms of both Revenue and Capital:
 - There is the requirement for additional Capital Investment, over and above any Grant, of £540k. It assumes that this is required to be spent in 2025/6 and costs apportioned accordingly.
 - At present PWLB rates of 5.00% for 8 years debt this would be a yearly interest charge of £27k a year from 2025/6.
 - For MRP purposes this would be an additional cost of £68k a year from 2026/7.
 - At the present time, additional revenue costs are estimated to be circa £950k a year.
 - There is also programme implementation costs of circa £200k which is expected to be split across both Councils at £100k each.
- Bromsgrove School loses its Business Rates reliefs as part of the Budget. Presently, circa £600k of business rates are charged against the school to which it receives 80% relief. This relief of circa £500k would become part of the collection fund calculation with for planning purposes circa 50% coming to the Council and 50% going back to the Government.
- Additional Artrix Costs. The Council are responsible for the Health and Safety of the buildings and there is funding of £20k capital a year. If the Artrix was to be empty, the Council would be responsible for the buildings including the Empty Business rates which amount to £31k (Therefore it is proposed that this would be the limit of any Council funding which is included in the proposals).

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- Additional inflation of 5% on contract is included at 5% which is £90k. It should be noted that 5% has also been included in the 24/5 year and this will be allocated in this financial year as and when it is required.
 - A review has been undertaken of Corporate Budgets (Council Tax/Business Rate, Investment Income and Debt) against expected numbers and due to a number of factors there is a positive position.
 - The Council had 4% in to cover staff inflation in 2024/5. This pay award is now circa 5% and so this adjustment has also been made in the corporate budgets.
 - As set out in section 3.9 the Chancellors Statement on the 30th September set out significant additional grant funding. The allocation of these grants will not be known until December and the Provisional Local Government Finance settlement.
 - The Capital Programme at the moment has limited change but does include the changes that have been made to the Fleet as per the 24/5 Monitoring Reports.
 - Adjustments, following the establishment review will need to be made across both Councils to account for the £1m in-balance between pay budgets and recharges across both Councils.
 - By the middle of November Accounts will be closed up to the 22/23 financial year. This will impact reserves and this will need to be reflected in the reports.
 - Analysis will be undertaken on Benchmarking data as well – as this will inform areas where further savings, if required, will be initially looked at.
- 3.30 Corporate pressures are summarised in the following table and amount to a surplus of £329k in 2025/6 changing to an ongoing deficit of £851k in 2026/7 and £637k from 2027/8.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

Year	2025/6	2026/7	2027/8
	£000	£000	£000
Opening Position	8	7	7
Changes			
Increase Pay Award to 3%	154	154	154
Pension Revaluation (addn costs)		200	200
Increase Fees and Charges to 4%	-200	-200	-200
Increased Waste Interest costs	27	27	27
Increased Waste MRP costs		68	68
Waste Project costs (capitalised)		20	20
Increased Waste Revenue costs		950	950
School Business Rates	-250	-250	-250
Artrix Maximum Costs	31	31	31
Contract Inflation	90	90	90
Improvements in Corporate Budgets	-343	-393	-607
1% Additional 24/5 Payoll cost over Budget	154	154	154
Net additional Costs	-337	851	637
Updated Position	-329	858	644

3.31 Departmental pressures were requested to be returned by the 24th October. These are attached in **Appendix A** and cover both revenue and capital pressures. These departmental changes result in an overall £1.387m revenue pressure in the 2025/6 financial year and then £938k by 2027/8. This is summarised in the following table:

Year	2025/6	2026/7	2027/8
	£000	£000	£000
Position after Corporate Items	-329	858	644
Departmental Items	1,387	976	938
Position after Departmental Items	1,058	1,834	1,582

3.32 This results in an ongoing pressure of circa £1m rising to £1.5m. It should be noted that if the Council gets the full 3.2% Core Spending Power increase set out in the 2024 Chancellors budget, then this will result in circa £490k of additional funding, reducing the gap to circa £500k in 2025/26 and £1m by 2027/8. It should be noted that there will also be political pressures as well.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 3.33 Another key factor in balancing the budget will be the allocation methods for Grants set out in para 3.9 as they impact a number of the “pressure areas. This will not be known until the Provisional Local Government Finance Settlement.
- 3.34 To meet strategic priorities, the Council requires more funding. For Tranche 2 it needs to review a number of areas as set out in 3.23. Other areas where there are potential pressures or initiatives that are being evaluated for Tranche 2 include
- Reviewing overall planning costs given the changes in charging rules in 2024 to assess deliverability

Fees and Charges update

- 3.35 The section, looks at the impact of proposed Fees and Charges increases for the 2025/26 Financial year. These increases are shown in detail by service in the Fees and Charges Report which is shown as **Appendix B**. The table below highlights the possible increase of income if a 3% to a 5% increase was applied across the board. The 4% 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. WRS increases will be agreed at the WRS Board Meeting in early November.

	2025/26	2026/27
Existing Budget	-3,791,000	-3,791,000
3% Increase 25/6	-100,000	-100,000
4% Increase 25/6	-200,000	-200,000
5% Increase 26/7	-300,000	-300,000

Table 4 Fees and Charges Increases

- 3.36 As has been noted in previous budgets, almost 50% of costs relate to staffing costs at the Council. Staffing budgets went up in 23/4 by on average by 5% and the settlement for this year 2024/5 is over 4%. The increases in fees and charges link to the previous year pay award and so just to keep pace with the increases in costs a level of 4% would be a minimum requirement.
- 3.37 The Transformation Team have looked at Income and fees/charges levels for:
- Its deliverability in 2023/4 and 24/5
 - Views on if additional % increases will be deliverable
 - Bereavement costs have been updated to ensure they are rounded to pounds as per legislation.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 3.38 The outcome of that high level analysis was that:
- A blanket % increase on all controllable fees and charges and budgets would not be advisable, as this will just increase the rolling year variances in specific areas. Those budgets need adjusting to the correct base (both up and down).
 - Car parking, given the changes in 2024/5 should not be increased and allowed to stabilize at the new rates and take account of the full VAT implications.
 - Knowledge of the full extent of what is or is not Vatable in income lines also needs to be clarified – so the right budgets are set.
 - Garden and trade waste and cesspools are all areas where above inflation increases could be variable with previous years and current forecasting showing promise.
- 3.39 Fees and Charges now include both Planning and Parking at higher levels than in the past although in 2025/6 parking fees will not be increased (due to the changes in rates delivered in 2024/5).

Impact on Reserves

- 3.40 The existing 24/25 MTFP saw general fund balances increase by £27k over the three year period as the original plan moved the Council towards sustainability. Now that the 2020/21 and 2021/22 accounts have been closed and we have far clearer positions on the 2022/23 and 2023/4 outturn positions a stronger reserves position is reflected in **Appendix C**.

Capital Programme

- 3.41 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.
- 3.42 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. Carry forward positions as set out in the Q2 Monitoring Report are £7.565m for the Council. Significant amounts of this relate to Grant Funded schemes.
- 3.43 **Appendix D** sets out the present capital programme as agreed at Council in February. Spend to date at Q2 is £1.993m.
- 3.44 The table below highlights the present Capital programme position to 2029/30 rolling forward the “Rolling Budgets” for an additional year.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

Year	Total Programme	Council Funded	Grant Funded
2024/5	6,159,671	3,424,500	2,735,171
Carry Fwd	7,565,431		
2025/6	2,666,377	1,866,377	800,000
2026/7	2,288,000	1,488,000	800,000
2027/8	1,468,000	668,000	800,000
2028/9	1,468,000	668,000	800,000
2029/30	1,468,000	668,000	800,000

3.45 Additional Capital programme items totalling are set out in the following table for approval:

ICT		2025/26 £	2026/27 £	2027/28 £	2028/29 £
Parkside Firewall, Internal Firewall	Parkside Firewall, Internal Firewall. These devices will no longer be supported from 2026	9,750			
Laptops for new starters and to replacements	To provide Laptops for new starters and to replace the ongoing devices that are no longer supported. This project will deliver a replacement for 128 Laptops and 10 Desktops over 4 years.	25,000	25,000	25,000	25,000
	Total	34,750	25,000	25,000	25,000

An Initial Risk Assessment

3.46 As set out the Strategic Approach and Robustness Statement sections we are budgeting in a time of extreme uncertainty.

3.47 As per the Risk Reports that are reported to Audit, Standards and Governance 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.

3.48 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.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

- 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

- 3.49 For Tranche 1, the opinion of the Interim Director of Finance is that the 2025/26 budget estimates contain considerable risk due to the level of uncertainty in the Council's operating environment, making it problematic to develop meaningful assumptions.
- 3.50 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.
- 3.51 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 Provisional Local Government Settlement in December. Whilst a balanced budget for 2024/25 was approved in February 2024, the Council is currently forecasting a £0.3m overspend in 2024/25 due to the additional demands placed on it due to maintenance costs of the fleet and the pay award.
- 3.52 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

- 3.53 Tranche One is the first Phase of the 2025/26 budget process. There will be consultation via the quarterly "Customer Survey" to see if more stakeholders can be reached. This will happen over November and December.

4. IMPLICATIONS

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

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
Appendix B – Fees and Charges by Service
Appendix C - Reserves
Appendix D – Existing Capital Programme

6. BACKGROUND PAPERS

None.

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

7. KEY

None