

**Presentation to the Corporate Scrutiny
Committee 31st January 2024 by**

**The Leader of the Council and
Head of Finance/ S151 Officer**

Budget 2024-25 & MTFS

Budget 24/25 – Our Proposals

Overriding Aims

- To ensure we invest in our services and key priorities and improve the way the Council works creating a sustainable public service
- Protecting front-line services and maintaining service standards
- Continuing to support our communities on the cost-of-living
- Encouraging and supporting businesses to prosper
- Focusing on efficiencies and increasing our income over service reductions
- Setting the foundations and resources needed to address our longer-term financial challenges and ensure we remain a financially resilient authority

Consultation and Engagement

- Performance Management Scrutiny Committee 22nd November and 31st January
- We sought residents' views on the priorities and budget decisions as part of our consultation for developing a new Corporate Strategy
- Business Newsletter & Braintree District Businesses Facebook
- Press releases, website News Page, social media, and staff briefings

Supporting communities

- We will continue to work with our partners to deliver a targeted cost-of-living package of support from the £1m agreed in 2023
- In our investment plan for the Shared Prosperity and Rural England Funding we expect to deliver a further £1m of investment into communities and businesses
- We are providing significant grant funding to key partners such as the Citizens Advice (£121k), and Community360 (£16k) who we know provide valuable advice and support to vulnerable residents and those facing financial difficulties
- A new Council Tax Support Scheme agreed by Full Council in December will distribute around £7.8m of council tax support to low-income households of both pension and working-age
- An extra £50k for the Exceptional Hardship Fund and we will also be providing £178k of financial aid to those in need with housing related costs through the DHP Fund

Investing in our services

- Pay, general inflation and other cost pressures and economic impacts on existing services adds £2m to our spend for 24/25
- We have prioritised £285k of extra funding to ensure that as an organisation we have the right level of resources in place and can attract and retain the best staff in a highly competitive job market to manage and deliver our services.
- Funding for extra resources into our Customer Service Centre to be able respond to customer calls and enquiries
- Our commitment to working across the Essex system is underpinned by £40k of funding for joint working through the North Essex Councils and North Essex Economic Board building on our leadership in these areas
- We are continuing with a Councillor Community Grant Scheme that gives every councillor £1250 to use to help community projects

Investing in our services

- We are putting in operational management for the Gt. Notley Artificial Grass Pitches and Multi-Use Games Area following the withdrawal of ECC from this role
- Our successful bid to the Planning Skills Delivery Fund means we have an extra £65k to be used to ensure we have the resources in place to provide expert advice on urban design in our planning process and for the development of a local design code
- An additional £200k is being allocated to fund Climate Change initiatives topping up the previous £624k which is already delivering against our Action Plan
- We will retain the current budget for the Street Scene Partnership which provides £89k to parish councils to help keep local areas looking clean, tidy and well maintained

Investing in our services - capital

- Our existing capital programme of £13.6m includes the following projects:
 - Maltings Lane Community Centre
 - Town Centre improvements in Halstead & Witham
 - New linear park at Rose Hill, Braintree
 - Tennis Courts at Courtauld Sports Ground (a project being delivered for Halstead Town Council)
 - Skate parks at Weavers Park, Spa Road, and Ramsey Road
 - Mill Park Drive Play area
 - Plus, over £500k of investment into corporate and service technology systems; and £250k in operational facilities and equipment
- We also committed £1.2m from s106 funds to deliver four 3G Artificial Training Pitches in Braintree and Witham as part of a joint initiative with Sport England and School Academies

Investing in our services - capital

- Our budget provides for a further £280k to refurbish four play areas in Braintree, Sible Hedingham and Witham, and an extra £80k for resurfacing works at 9 other play areas across the district
- We will continue to provide Disabled Facilities Grants with another £1m added to the programme using Better Care Funds; and provide means-tested grants to owner-occupiers and leaseholders for heating and hot water installations
- A growing district requires more wheelie bins for properties (£50k), and we propose to update the depot facilities for our operational workforce (£75k)
- Lifecycle investment into desktop ICT equipment and system back-up hardware (£90k)
- An allocation of £1.2m (subject to a final business case) for a refresh of Causeway House to modernise the working environment, support collaboration, make better use of the available space and income opportunities, and which will create a fit for purpose office for service delivery

Investing in our services – capital funding

- Our proposed capital plans are funded through a combination of external grants and contributions, including s106; New Homes Bonus from previous years; capital receipts; and reserves
- Our borrowing requirement remains relatively low (£18.5m) and compares with actual debt of £8.6m at 31.3.24.
- We have one PWLB loan with £5.4m outstanding at 31.3.24 on a fixed rate of interest of 2.6%, well below current rates. The balance of debt is made up of finance leases taken out for operational vehicles
- We have made prudent provision for the repayment of borrowing in line with recent Govt. guidance, setting aside a total of £1.2m in Minimum Revenue Provision and annual lease repayments
- Treasury Management investments continue to prioritise Security and Liquidity, over Yield or return; and we retain a diverse mix of long-term pooled funds in equities, property and multi-asset

Balancing our budget

- New savings and additional income of £296k have been reflected with no impact on front-line services
- Interest and dividends from investing our balances and reserves are expected to generate an extra £840k of income in 24/25 (total £2.1m)
- Garden waste subscription service has exceeded expectations with £500k of net income in the first year, and an additional £400k (total £900k) estimated in 25/26. Over a three-year period, the new service is projected to break-even against the set-up costs and ongoing operating cost
- Discretionary fees & charges have been reviewed and proposed increases reflect cost of services, comparative data, statutory limitations, and service needs. No changes to car parking charges are proposed for 24/25.

Garden Waste Subscription Service (end Jan)

- Total number of properties signing up for the bin collection service 29638 or almost 44% of total properties
- Early bird sign-up is 99% of take-up
- 410 properties have signed up since the early bird discount ended at the end of November
- 1398 subscriptions have paid for extra bins to be collected
- 110 properties have signed up for sack collections
- Total income £877k

Provisional Local Government Finance Settlement for 24/25

- Core Spending Power (CSP) for Braintree increased by 5% through a mixture of cash grants and notional amounts for council tax and business rates (National average CSP +6.5%)
- CSP assumes councils increase council tax by their referendum limit (i.e. for BDC 2.99%)
- A minimum funding guarantee of 3% resulting in a net additional £700k in 24/25 as a one-off grant
- New Homes Bonus of £1.2m reflecting growth of 1.1% over the national baseline of 0.4%; and delivery of 158 affordable homes (based on 22/23 fig)
- Essex Business Rate Pool confirmed allowing more of the business rate growth in Essex to be retained for participating authorities
- No certainty over funding after 24/25 and the review of needs and resources and reset of business rate system has been deferred until the next parliament

Provisional Local Government Finance Settlement for 24/25

- Consultation period closed on 15th January and the Cabinet Member for Resources and Performance agreed a response on behalf of the Council
- Government announced on 24th January more money for councils, including an increase in the minimum funding guarantee to 4%. Details to be reflected in the final settlement expected in early February.
- Extra funding to be used to address financial pressures not set aside or use on areas that are not a priority.
- Local authorities to produce Productivity Plans by Summer recess “setting out how they will improve performance and reduce wasteful spending”
- Expert panel to be set up including Oflog and LGA to advise the government on financial sustainability in the sector.

Budget & Council Tax

- Our budget includes a gross spend of £67.3m. Housing Benefit payments accounts for £24.6m and we expect to recover £23.9m of this from govt. Other service income is estimated to be £24m resulting in a **Net Budget of £19.4m** for 24/25
- Council Tax is expected to raise £11.4m or 60% of the Net Budget
- We are recommending a Council Tax rate for Braintree's share of the overall bill of **£200.07 for a Band D property**, which will be **11p per week extra**
- We expect to continue to have one of the lowest council tax rates in Essex and still be below the Shire District average
- Across the different property bands the charge will be:

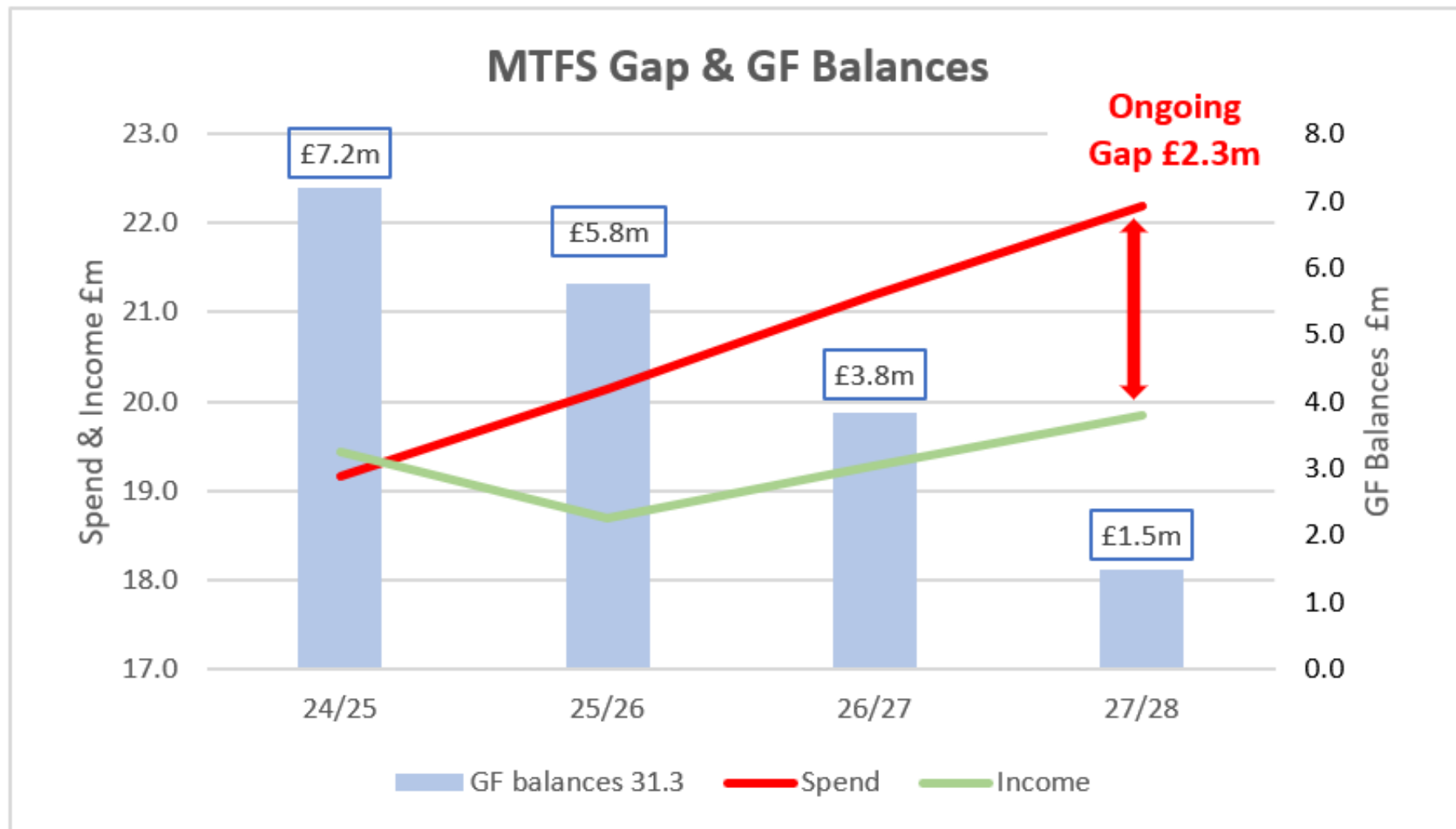
A	B	C	D	E	F	G	H
£133.38	155.61	177.84	200.07	244.53	288.99	333.45	400.14

Reserves and Balances

- The 24/25 budget is balanced using a one-off £500k from a share of the Collection Fund estimated balance from outperformance and taxbase growth; and £2.5m of reserves, of which £1.2m is for operational service expenditure.
- General Fund balances of £8.1m were held at 1.4.23 with the latest forecast for this to reduce to c£7m by 31.3.24. The budget for 24/25 includes an addition of £262k.
- Balances are expected to be used over period of the MTFS to smooth savings required
- Earmarked Reserves are projected to reduce across the MTFS period by £11m, although combined with general balances will still reflect strong financial resilience
- Balances and reserves represent the core element of cash that is available for Treasury Management

The MTFS and future financial challenge

Projected MTFFS Gap by 27/28



Impact of 'do nothing' is a reduction in General Fund balances below the minimum level of £3m creating financial risk and low resilience

Fit for the Future

- A three-year programme aimed at closing the annual budget gap by 2028 to protect financial resilience whilst ensuring we can deliver our corporate priorities
- Corporate Peer Challenge recommendation: “Develop a well-resourced and SMARTer transformation programme...”
- Resources required for a Programme Team and for investment in systems and technology and wider organisational development
- Reserve created in current year, but more resources will be required to deliver at pace and leverage benefits quicker
- Proposed to use half of the 24/25 New Homes Bonus to increase overall funding available to the programme to deliver sustainable public services, with the remainder of NHB used as contingency for key service delivery risks and mitigations we anticipate will require extra financial resources

Fit for the Future

Workstreams and expected benefits:

- **Agile & Flexible** – Staff and organisational resilience, optimise office space & revenue opportunities, talent pool and recruitment
- **Shared Services & Partnerships** – resilience and centres of expertise, recruitment & retention, cost reductions and VFM
- **Asset Management Review** – Income generation, strategic property decisions invest/ divest, property expertise in staff/ systems
- **Service Reviews** – resources allocated to priorities, cost reductions/ income generation, customer satisfaction
- **Organisation Design** – As above

Digital Enabling supporting all streams

Council Tax Discretionary Policies Supporting our Empty Homes Strategy

Council Tax Discretionary Policy current

Discount policy:

- Nil discount to be applied on empty properties undergoing extensive repairs or unfurnished
- Nil discount to be applied on second homes

Long-term empty property premiums where unoccupied and substantially unfurnished for over **two years**:

- +100% applied for periods less than five years
- +200% applied for period of at least five years up to less than ten years
- +300% applied for periods of at least ten years
- Refund of premium above the previously prescribed level of 50% for previous twelve months if a property is brought back into use

Council Tax Discretionary Policy proposed amends

- **Long-term empty:**
 - Reduce qualifying period **from two years to one year**
 - Exemptions to be applied in line with current policy and any further govt. guidance
- **Second homes:**
 - To give **one year's notice** of intention to apply a 100% premium from 1st April 2025
 - Exemptions to be applied as for empty homes and to take account of govt. guidance (e.g. annexes, job-related, etc.)
- Final policy to be determined under delegation by the Cabinet Member for Resources & Performance
- For the extra council tax raised we will explore the potential for using this to support housing related initiatives in partnership with precepting authorities

Next Steps

Next Steps and Timeline

- **Early Feb** –Final Local Government Finance Settlement for 24/25, including detail of additional funding recently announced
- **5th February** - Cabinet finalise recommendations to Full Council
- **19th February** - Full Council agree the Budget for 24/25 & the Council's share of the Council Tax bill; and set the Council Tax rates incorporating all major precepts and the local precept for each Town & Parish Council area