



**Policy, Finance and
Development
Committee**

**Tuesday, 10
September 2024**

**Matter for
Information and
Decision**

**Report Title: Budget Setting Approach for 2025/26 and Medium-Term
Financial Plan Update**

Report Author(s): Colleen Warren (Chief Finance Officer / Section 151 Officer)

Purpose of Report:	To consult Members on the approach for setting the 2025/26 budget and to update Members on the Medium-Term Financial Plan (MTFP) position.
Report Summary:	This report seeks approval of the approach to set the annual budget for 2025/26 and provides an update on the MTFP budget gaps and progress on the Sustainability Programme.
Recommendation(s):	That the Committee: A. Agrees and recommends to Council the Budget Approach for 2025/26; and B. Note the updated MTFP budget gaps.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer / Section 151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
Report Implications: -	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Political Dynamics (CR3) Reputation Damage (CR4) Regulatory Governance (CR6) Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.

Statutory Officers' Comments: -	
Head of Paid Service:	Unable to comment due to annual leave.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team.
Background Papers:	<ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS 2024 -2029) to Full Council 22 September 2024 • 2024/25 Revenues Budget, Medium Term Financial Plan and 2024/25 and 2028/29 Capital Programme to Full Council 22nd February 2024
Appendices:	None.

1. Background

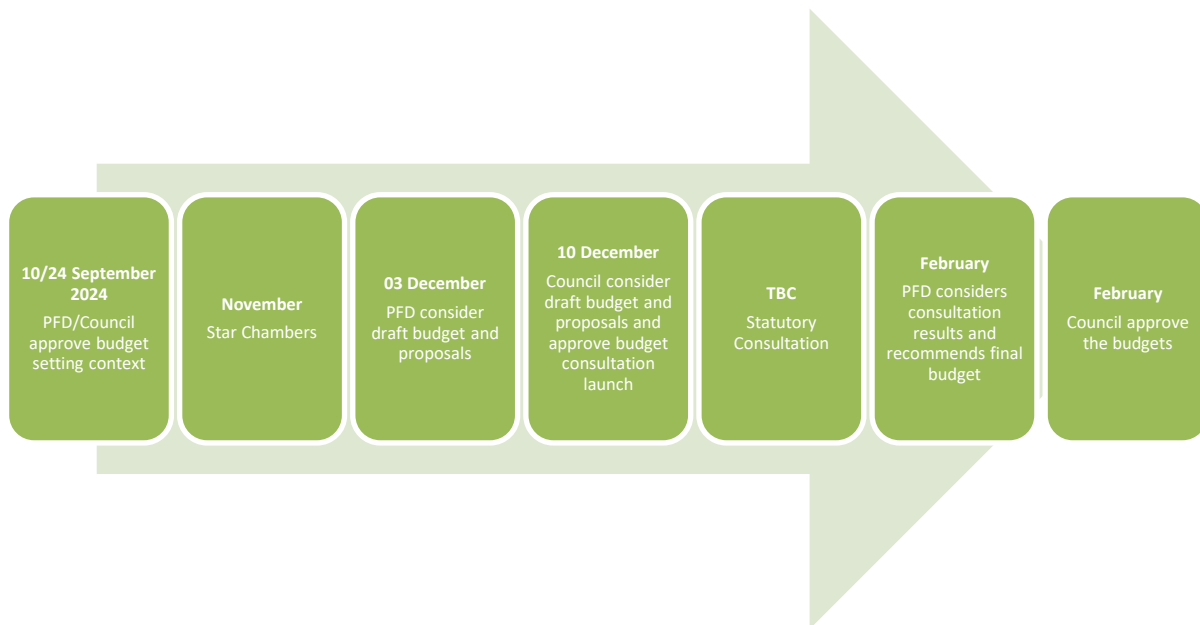
- 1.1 The Council's Constitution includes the Budget and Policy Framework Rules. This requires that each year the Council will agree a process for the development of the annual budget and policy framework and that the programme will be widely published.
- 1.2 The Local Government Act 1992 requires the councils that are billing authorities complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 April. The budget timetable (see section 3 of this report) will ensure these statutory deadlines are achieved.
- 1.3 The Council approved a new Medium-Term Financial Strategy (MTFS) in February 2024, the Medium-Term Financial Strategy is a five-year assessment of the resources required to deliver the Council's services over that period. It sets out the projected budget gaps over the period and a Sustainability Plan for delivering savings to mitigate these gaps. The Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29 provided an updated gap position and was reported to Council in February 2024. The annual budget approach for 2025/26 will update the indicative position with a detailed budget following the budget approach set out in section 2.
- 1.4 As was stated in the February 2024 budget report the Sustainability Programme savings included in the MTFP, did not meet the budget gap. The achievement of the Sustainability Programme savings included were still to be identified. Given the significant challenge in the financial position for 2024/25 and future years, it is key that SLT and members continue to focus efforts on delivering savings and this has been taken into account in the budget approach outlined below.

2. Approach and Key Principles

- 2.1 The 2024/25 revised budget will form the base budget for 2025/26.
- 2.2 Inflation assumptions will be made based on latest information, in respect of:
- Salaries
 - Utilities
 - Fuel
 - Contracts (as per Contract terms)

- Interest rates (investment/borrowing)
- 2.3 **There will be no further revenue growth** – any pressures (cost inflation on supplies and services, in addition to those in 2.2), any growth (additional staff) or reduction in income due to reduced demand or fees should, insofar as is possible, be “self-funding”. This means services should try as far as is reasonably practical to off-set increases in financial resources by making savings in other areas.
- 2.4 **Review of budgets to identify savings** - historical budgets and actuals are to be reviewed to identify any consistent budget underspends with a view to removing these budgets to create savings. This will have to be considered in the context that the underspend may have been offsetting overspends, in which case budgets will need to be realigned.
- 2.5 **Capital growth** - any additions to the capital programme must be funded by grant OR have a revenue payback OR be essential for the maintenance of service delivery. Ideally, if we are creating or enhancing an asset, it should be because it will better the council’s financial position through reducing spend or generating income, or it must be because we need to do this to maintain services.
- 2.6 **Sustainability Programme** - the projects identified under the Sustainability Programme will continue to progress to identify savings
- Financial Management
 - Service Review
 - Asset Management
 - Income Generation – including review of fees and charges in line with charging policy
 - Contracts
- 2.7 **Star Chamber** – During November Heads of Service will be required to attend a ‘Star Chambers’ to present the need for their service budgets. The Leader, Deputy Leader, Chair of PFD, Chair of Services and representation from the opposition, Chief Executive, Strategic Director, CFO/S151 and Head of Finance will provide challenge on the budgets proposed.
- 3. Timetable**
- 3.1 The key dates for members in relation to the budget approach are outlined in the proposed timetable below:

(Continued overleaf)



4. MTFP Update

- 4.1 The MTFS set out the approach for reviewing the MTFP and the Sustainability Programme. This will be reviewed before budget setting and as the budget is set.
- 4.2 Table 1 below shows the MTFP budget gaps approved at Full Council on the 22nd February 2024, this was the projected position after sustainability programme savings:

Table 1 – Budget Gap as of February 2024

Financial year	In-year gap	Cumulative gap
2024/25	£0	£0
2025/26	£97,000	£97,000
2026/27	(£62,000)	£35,000
2027/28	(£26,000)	£9,000
2028/29	£131,000	£140,000

- 4.3 Table 2 below shows the updated MTFP budget gaps revised for emerging pressures in 2024/25 as identified at the Q1 monitoring position, and the ongoing impact of these pressures in future years.

(Continued overleaf)

Table 2 – Budget Gap revised for emerging pressures identified in 2024/25 Q1 Monitoring (Sept 2024)

Financial year	In-year gap/Surplus	Cumulative gap
2024/25	(£75,057)	(£75,057)
2025/26	£97,000	£21,943
2026/27	(£62,000)	(£40,057)
2027/28	(£26,000)	(£66,057)
2028/29	£131,000	£64,943

- 4.4 As detailed in the Budget Monitoring Report for Q1 the main emerging pressures relate to increases in insurance prices, the cost of Council Tax discounts, a reduction in Cemetery income and attrition in the uptake of the Garden Waste service (albeit income has increased), partly offset by additional Sustainability Plan savings, savings on the procurement contract and salary savings.
- 4.5 The MTFP and budget gaps will continue to be reviewed and updated as the budget approach for 2025/26 progresses and assumptions in the MTFP are reviewed and updated.