



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission 1 February 2024
Council 22 February 2024

Wards affected: All

2043/25 GENERAL FUND BUDGET

Report of Head of Finance (Section 151 Officer)

1.0 Purpose of report

1.1 To seek approval of the 2024/25 General Fund Revenue Budget and to note the pressures set out in the report.

2.0 Recommendation

2.1 That the following is approved:

- a) The General Fund budget for 2023/24 and 2024/25 shown in section 3.5.
- b) The Special Expenses area budget for 2023/24 and 2024/25 shown in section 3.6-3.8
- c) The proposed movement in General Fund balances and Earmarked Reserves for 2023/24 and 2024/25 shown in section 3.24 of this report and Appendix 1.
- d) A council plan of action is established to address the growing pressure on the budget which is now expected for 2025/26 of £1m-£1.5m. This will be addressed in an updated MTFs to be presented later in the year.

3.0 Background to the report

3.1 The budget is being put together at a time of uncertainty after a history of reduced revenue support from direct funding from Government. Since 2016/17 to 2024/25 the direct core funding from Government has reduced by £2m, with a move toward local income generated via Council Tax of £1.9m. The level of income generated from direct Government funding and council tax was £10.8m in 2016/17 and is now £10.7m, which is a small reduction,

while inflation has meant costs pressures have risen significantly faster than these income sources.

The key objectives for the General Fund Revenue budget for 2024/25 can be summarised as follows:

- To align expenditure on services to the Council's Corporate Plan.
- To provide for reductions in government grant funding for 2024/25 and plan for future years.
- To encourage identification of savings and income generation opportunities across the Council.
- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.

3.2 The General Fund revenue budget has been prepared taking into consideration the capital programme and Housing Revenue Account (HRA) budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

3.3 Members should note the increased pressure on the 2024/25 and 2025/26 financial years and the need for a savings and new income plan to be established to address the budget deficit. This is mainly caused by increasing pay costs and homelessness pressures for temporary accommodation.

Budget Summary

3.4 Local Authorities continue to face financial pressures due to another one-year financial settlement, a cost-of-living crisis and inflation pressures over and above what can be collected from local taxpayers.

The current administration has taken difficult decisions in prior years in the face of uncertainty to ensure that pressures are addressed but has also tried to ensure that these actions are proportionate and balanced considering the issues mentioned above.

The Budget report has been updated since the Scrutiny meeting on the 1 February for the impact of the changes stemming from the completion of the NNDR1 return on business rates. This has led to a lower retained rates estimate by £0.3m and lower levels of S31 support, but the expected surplus on the associated collection fund is £0.13m higher and the government have provided a further £0.1m of funding in the final settlement. Therefore, the final overall position is not significantly different to that presented at Scrutiny. However, the extra £0.1m in the final settlement from government has led further requirements being proposed for councils to comply with. These include a potential deadline of July 2024 for local authorities to develop and

share productivity plans as part of efforts to improve sustainability. If confirmed these plans must be agreed by council leaders and members and published on local authority websites, together with updates on progress. Any such requirements will be actioned as part of updating the MTFs later this year.

3.5 The original budget for the financial year 2023/24, along with the revised budget for 2023/24 and the proposed budget for 2024/25 are set out below.

For the 2023/24 estimated outturn, the overall general fund position is comparable to that presented at Council in November 2023. The difference to the forecast used for the MTFs for 2023/24 was caused mainly by the pay award being above what was forecasted by £145,000 and other minor variations of £85,000 which include a £200,000 income and expenditure budget for forecast Ukrainian Refugee costs.

In 2024/25 service expenditure has decreased to £15.9m from £17.8m. This is a reduction of almost £2m as given in table 2 below, but some of the main items in this movements are:

- Additional Pay Pressures £1,005,000
- Net Additional Bed and Breakfast Costs £500,000
- Accounting Adjustments (Pensions/Depreciation) £-685,0000
- Enterprise Zone Income -£752,000
- Distribution from the business rates pool (Estimate) £1,600,000

After allowing for reserve movements a total of £0.730m will be transferred to balances.

Table 1	Original Estimate 2023/24	Est Outturn 2023/24	Original Estimate 2024/25
Corporate & Street Scenes Services	9,790,740	9,138,171	7,975,494
Community Services & Development Services	8,032,050	9,555,277	7,876,842
Growth Not on the Ledger	0		
Impact of Pay Award	0	145,000	
Impact of Increased Utility and Fuel Costs	0	(70,000)	
Total service expenditure (Net)	17,822,790	18,768,448	15,852,336
Less:			
Special Expenses	(783,720)	(791,652)	(828,280)
Capital Accounting Adjustment	(1,589,700)	(1,589,700)	(1,022,850)
Net external interest (received)/paid	227,150	187,150	332,751
IAS19 Adjustment	(1,958,190)	(1,958,190)	(1,626,220)
Transfer to (from) Unapplied Grants Reserve	(15,060)	(414,100)	(27,840)
Carry forwards from prior year	0	(137,616)	
Transfer to reserves	415,000	1,340,474	3,755,474
Transfer from reserves	(1,760,582)	(2,266,183)	(3,206,766)

Table 1	Original Estimate 2023/24	Est Outturn 2023/24	Original Estimate 2024/25
Transfer to (from) Collection Fund Reserve	0		
Transfer to/(from) balances	227,961	(192,296)	730,423
HBBC Budget Requirement	12,585,649	12,946,335	13,959,028

Major variations between the 2023/24 Original Estimate and the 2024-25 Original Estimate are detailed below.

Table 2: Major variations over £40,000	£000s (income/Savings)	£000s Expenditure/Pressures	Total
Distribution from the business rates pool (Estimate)	-1,600		-1,600
Enterprise Zone Income	-752		-752
Additional Planning income	-175		-175
Leisure Centre Management Fee	-65		-65
Garden Waste Income *	-276		-276
Inflation on Fees	-85		-85
Utilities	-230		-230
Energy Benchmarking (Leisure Centre)	-50		-50
One off Election saving	-165		-165
Additional Pay Pressures	-52	1005	953
Net Additional Bed and Breakfast Costs	-100	600	500
UK Shared Prosperity Fund	-1,073	1,073	0
Waste Disposal Fee increase met by County Council	-89	89	0
Growth items		495	495
Inflation on Supplies		180	180
Lump Sum Pensions	-45		-45
Additional fees big Bins and Commercial rents	-63		-63
Accounting Adjustments that are reversed to nullify impact on the Council Taxpayer	-685		-685
Charges to the HRA	-60		-60
Retained Enterprise Zone Growth	-75		-75
Additional DHP Costs		70	70
Other minor variations		158	158
	-5,640	3,670	-1,970

**Estimated net cost of service provision after allowing for garden waste income is a pressure £0.25m in 2024/25, as income does not fully cover the cost of collection.*

Special Expense Area

- 3.6 This represents the cost of parks and cemeteries in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.7 The proposed budgets for the Special Expenses area have been compiled in accordance with an overall increase in the Borough Council Tax Base of 0.9%. Details of the council tax base are included in the Council Tax report. Due to the adequacy of balances for Special Expenses, the £5 increase in Council Tax will be allocated to the wider Borough budget.

Table 3	Estimate 2023/24	Revised Estimate 2023/24	Original Estimate 2024/25
	£	£	£
Expenditure	783,719	791,652	828,280
Transfer to/(from) balances	(70,628)	(74,760)	(22,986)
Transfer to/(from) reserves	78,500	78,500	12,550
S106 Contributions	(28,000)	(31,801)	(47,150)
Budget Requirement	763,591	763,591	770,694

- 3.8 Balances in the Special Expenses Area (SEA) are estimated as follows:

Table 4	£
Balance on 1st April 2024	(299,000)
Transfer to/(from) Balances 2023/24	74,760
Transfer to/(from) Balances 2024/25	22,986
Estimated Balance on 31st March 2025	(201,254)

Total Council Budget for 2024/25.

- 3.9 The total overall budget for 2024/25 in the direct control of the Council is therefore:

Table 5	Original Estimate 2023/24	Revised Estimate 2023/24	Original Estimate 2024/25
	£	£	£
HBBC Budget Requirement	12,585,649	12,946,335	13,959,028
Special Expenses Budget Requirement	763,591	763,591	770,694
Total Budget Requirement	13,349,240	13,709,926	14,729,722

Forecast Budget 2024/25 – assumptions and process.

- 3.10 The original budget for 2023/24 has, in accordance with the Council’s Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These changes were allowed for in the MTFS update to Council on the 28th of November.
- 3.11 The budget has been created with clear links to the Council’s strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g., interest from capital receipts, interest on borrowing, staffing costs etc.).
- 3.12 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) are currently 3.9% but an average rate of 3% has been used for 2024/25. The application this represents an effective saving on running costs.
- 3.13 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2024/25 estimates have been based on the latest pension valuation and an average forecast pay settlement of 5%. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge.

In addition to the growths listed above; the following items have been included in the service budgets: -

Table 7 Other pressures and savings 2024/25	Costs £000	Description
MRP	(2)	Revenue cost of Capital financing via borrowing.
MRP EZ Loan	223	Revenue cost of financing EZ Loan
Interest	105	Includes EZ loan payments and assumes lower average interest rates for 24/25.

- 3.14 The Leicestershire Pension Fund is re-valued in accordance with statutory requirements. There is currently an actuarial deficit (i.e., the assets of the fund were less than those required to meet the long-term liabilities in terms of benefits due to members). Whilst action is needed to remedy this position, the timescales involved mean that there is sufficient time to recover the position in a phased manner over several years and valuations. An Employers Contribution rate of 21.9% will be used with an additional 1% being included for Ill Health retirement insurance. In addition, a lump sum value of £561,700 (General Fund Element) is payable to the Local Government Pension Scheme which is contained in a corporate budget.

Original Budget 2024/25 – summary of key issues and considerations

3.15 In addition to service priorities, there are a number of wider issues, identified for 2024/25, that have changed since the Medium-Term Financial Strategy was reported. A summary of these items and how they have been addressed in the budget is provided below.

Balances

3.16 The Council has a current policy of maintaining a general fund balance of 15% of the net budget requirement. This will not be possible for 2024/25 and performance is forecast to be 11.6% based on the estimates used for budget setting. This level is to help protect overuse of reserves and to support the general fund in the 2024/25 year.

3.17 The key pressures that have changed the 2024/25 position are the impact of the Minimum Living Wage decision announced by Government on staff costs, which will add just over £1m to our pay costs for 2024/25 alone, compared to the £379,000 used for the MTFS. Also, Homelessness costs continue to increase. A net pressure of £250,000 has been used for the MTFS, but this is now expected to be £500,000. The Table below give a summary of changes giving a net pressure of £487,168.

Description	GF Budget	MTFS	Difference (Net Pressure)
Pay costs	1,005,000	378,920	626,080
Homelessness	500,000	250,000	250,000
General inflation (Net income and costs)	160,300	52,731	107,569
New Growth request	495,000		495,000
Car parking income lower	40,000		40,000
Depot cost - rent free period	0	238,000	-238,000
Garden Waste	-276,000	-139,750	-136,250
Planning fee higher than MTFS	-175,000	-150,000	-25,000
Utilities	-230,000	-276,893	46,893
energy benchmarking	-50,000	-100,000	50,000
elections one off	-165,168	-183,028	17,860
HRA contribution	-59,964	0	-59,964
Special Expenses Contributions	-40,000	0	-40,000
Lower Pension cost	-45,240	0	-45,240
Extra S31 income	-28,000		-28,000
Pool distribution	-600,000		-600,000
DHP	70,000		70,000
EZ income	-75,000		-75,000
Another Small variance	31,220		31,220
Total	557,148	69,980	487,168

3.18 To support the general fund position in 2024/25 and maintain a performance of 11.6%, instead of £3m being moved into the crematorium reserve as planned in the MTFFS, only £2.1m has been used. This is because the general fund can no longer support this higher level of contribution to the crematorium reserve.

3.19 The Council's income from Central Government has reduced significantly since 2016/17 (£2m or 31%), with more emphasis on local sources on funding from Council Tax and Business rate growth. The New Homes Bonus income has also dramatically reduced due to changes in the way government fund this activity. The table below show this pressure. The growing focus on Council Tax as a means of making up the shortfall on direct government funding, means that areas that have a smaller Council tax base, or have an historically lower average band D charge, will find it increasing difficult to deal with cost pressures rising faster that can be dealt with by the annual increase in Council Tax.

Funding	2016 /17	2017 /18	2018 /19	2019 /20	2021 /22	2021 /22	2022 /23	2023 /24	2024 /25
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Core Funding (Non-Council Tax)	6.5	6	5.6	5	4.4	4.1	3.9	4.2	4.5
Core Funding (From Council Tax)	4.3	4.6	4.8	5.1	5.3	5.4	5.6	5.9	6.2
Total	10.8	10.6	10.4	10.1	9.7	9.5	9.5	10.1	10.7
Core Funding (Non-Council Tax) %	60%	57%	54%	50%	45%	43%	41%	42%	42%
Core Funding (From Council Tax) %	40%	43%	46%	50%	55%	57%	59%	58%	58%

3.20 However, the table also shows that Business Rates growth funding - due in a large part to the Council's approach to supporting sustainable economic investment in the area – has benefited the council in the past to enable it to deal with the cost pressures. However, this is a variable source of income and has a higher risk of volatility and changes from Government in allowed retention of rates.

3.21 The Council therefore has the following policies relating to levels of balances and reserves:

- To maintain an average general balance (non-earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement, unfortunately this will not be possible for 2024/25 without using the business rates equalisation reserve until it is below the minimum level set by members of £1,250,000.
- Where possible, all actual service under-spends, and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
- There should be no direct contribution from revenue to capital except for specific identified projects.

- Any additional notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account.

3.22 The projected movement of the General Fund Balances is detailed in the table below and indicates that balances forecast as 31st March 2025 are below the 15% target for the general fund balance by £0.468m. Final movements in balances for 2023/24 will be confirmed at year end and considered as part of future review of reserves.

Table 8	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2023	1,383	1,084	299
Amount Taken to /(from) Balances 2023/24	(267)	(192)	(75)
Balances at 31 March 2024	1,116	892	224
Amount Taken to/(from)Balances 2024/25	707	730	(23)
Balances at 31 March 2025	1,823	1,622	201
Net Budget Requirement	14,731	13,959	772
Minimum Balance requirement (15%)	2,210	2,090	120
Surplus Balance	(387)	(468)	81
Minimum balance %	12.4%	11.6%	26.0%

Impact on forecast for 2025/26

3.23 The increased costs means that the 2025/26 financial position is under considerable pressure, with a likely financial performance well below the 15% target, closer to 5%-8%. This indicated that expenditure is growing faster than income and will need to be brought under control with a plan of new saving and cost reductions. A plan will need to be drafted in the next 6 months to enable it to be in place for the 2025/26 year. This is a year earlier than the MTFS expected, mainly due to much higher anticipated payroll costs and homelessness pressure. This will need to include a review of all fees charged to see if there is any scope to increase income generated, and where costs can be eliminated, and how reserves are going to be used. Failure to address this now could lead to the council not being able to set a balanced budget. The current need is for savings and new income of £1m-£1.5m for 2025/26, but further work needs to be done to revise the MTFS to establish the full extent of any action needed. This assumes that there will be no further distribution of rates from the pool back to the districts after 2024/25, which may change subject to negotiations being completed.

Earmarked Reserves

- 3.24 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements. The tables below summarise the changes required (post MTFs changes) to ensure spend commitments are met and funds are set aside for future pressures.

Table 9 Reserve	Transfer to 2023/24 £	Transfer to 2024/25 £	Use
Special Expenses Reserve	0	(45,000)	Set aside to fund future capital costs and one of revenue costs
ICT Reserve	0	(15,000)	Set aside to fund future costs
Crematorium	0	899,526	Reduction in amount set aside for future capital costs
Waste Management Reserve	0	(15,000)	Set Aside for future waste management changes
Economic Priorities Reserve		(600,000)	Estimated income set aside for Economic Regeneration
Total	0	224,526	

The following additional transfers from reserves require approval by Council:

Table 10 Reserve	Transfer to 2023/24 £	Transfer to 2024/25 £	Use
Local Plan Procedure	0	(98,309)	Re-profiling of expenditure for use on local plan
Special Expenses Reserve	0	32,450	Free Parking in 2024/25
Environmental Improvement Reserve	0	50,000	use to fund in year climate costs.
Enforcement & Planning Appeals	0	50,000	Use to fund in year enforcement and appeals costs.
Total	0	34,141	

- 3.25 Based on these calculations, it is estimated that the Council will hold £5.2 million in earmarked reserves as at 31st March 2024 and £5.5 million at 31st March 2025. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting

regulations but relate to specific grants where conditions have not yet been met.

Local Government Finance Settlement

- 3.26 The Council's budgets are highly sensitive to changes in the finance settlement and Government policy. Funding announced in the 2024/25 Local Government Finance Settlement (Provisional), along with additional elements of financing are detailed in the table below.

The Business Rates Growth figure is based on the NNDR1 which was finalised in late January 2024. This is based on the latest available information on rateable values and reliefs.

Table 11	2023/24 Original Budget	2024/25 Original Budget	Mvt Inc/(Dec)
	£	£	£
National Non-Domestic Rates BLF (Base Line Funding)	2,696,030	2,821,150	125,120
Business Rates Growth *	3,714,313	4,351,944	637,631
Lower Tier Support Grant	215,616	546,179	330,563
Services Grant	100,950	18,144	-82,806
New Homes Bonus	581,966	493,397	-88,569
Net Collection Fund Surplus / (Deficit)	-59,396	132,543	191,939
Council Taxpayer	5,144,303	5,391,096	246,793
RSG (included in BLF in 2022/23)	191,867	204,575	12,708
Total Financing	12,585,649	13,959,028	1,373,379

- 3.27 The following points should be noted:

- The reset of business rates has been delayed; with an expectation it may occur in 2026/27. A reset could lead to the loss of the majority of the growth currently retained by HBBC

Business Rates Retention and Pooling

- 3.28 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after considering discounts, collection rates and appeals estimates. For 2024/25 HBBC will have a 40% tier which is approximately £17.3m, the table above gives the element retained once Tariff and Levy charges have been made.

The retained business rates of this Council are subject to a tariff, which the government have increased from £11.3m to £11.9m in 2024/25 which reduces

the gain to HBBC by £0.6m. Any growth over a set baseline (£2.8m) is subject to a “levy” payment of £2.5m, which is paid to the business rates pool. The settlement announced that a safety net threshold for all Councils of 92.5%. On this basis, this Council would need to lose £5m of Business Rates before a safety net payment will be made.

The NNDR1 form which set out the final budgeted position for this Council was approved by the Head of Finance (S151 officer) on 31 January 2024.

- 3.29 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form.
- 3.30 Budgeting for business rates is difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.
- 3.31 Based on the forecast position the Council best option is to remain in the pool.

New Homes Bonus

- 3.32 New Homes Bonus (NHB) was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing.
- 3.33 The Financial settlement since 2016/17 have seen the continued reduction of NHB funding from £2.9m in 2016/17 to £0.493m for 2024/25. It is not clear if the 2024/25 is the last year payments will be made under the current procedures, but it is assumed it will continue at a similar rate until the business rate reset. The Government have noted they wish to introduce a more targeted funding to replace the current NHB scheme but have not yet released any details of how this will operate. Any replacement is expected to be at a much-reduced level on that received historically.

Leisure Centre Income

- 3.34 For 2024/25 the contractual Management fee is estimated to be £1.185m. The income based on an indexation increase for 2024/25 estimated at 3%.

The risk remains on the future profitability of the leisure centres, due to the current economic environment. Places for People (PfP) (the leisure centre operator) has a contractual clause for utilities. This means the Council has to part fund above utility costs above the average rate of inflation, which has been estimated to be £0.15m for 2024/25.

Table 12	2023/24	2024/25
Net Management Fee £	1,120,400	1,185,440

Leicestershire Revenues and Benefits Partnership

- 3.35 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2024/25 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects an increase of £70,440, compared to 2023/24:

Table 13		HBBC
		£
2024/25 Contribution		1,595,970
2023/24 Contribution		1,525,530
Difference – Increase/(Decrease)		70,440

Investment (Income/Costs)

- 3.36 In recent years, the country has faced unprecedented levels of public sector borrowing which had reached a peak in 2019/20. The government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.37 The Base Rate is currently 5.25%. This is now estimated to be at its peak and rates are due to fall on a marginal basis from mid-2024 and drop to around 4% by March 2025.
- 3.38 Reduced rates will mean investment rates will reduce, but borrowing will become cheaper for the short term. This has been allowed for in the interest budget.
- 3.39 Net interest has been estimated at £332,751. This is a net drop in investment of income of £0.093m primary due to lower investment rates.

Major Projects

- 3.40 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including the crematorium.

The full impact of all schemes is detailed in the Capital Programme.

Council Tax

- 3.41 For 2024/25 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase. The General Fund budget is based on a £5 average band D increase, with no increase specific allocation of this to the special expenses area.

Summary of the overall 2024/25 budget position

- 3.42 The budget proposed for 2024/25 is achieving 11.6% general fund balance excluding special expenses (26.0% including SEA) in relation to net expenditure against a target of 15% (£2.21). This target is in place to leave a buffer for unexpected or unplanned pressures. Savings of £478,000 would be needed to be made in 2024/25 to achieve 15% on the net budget excluding special expenses. To achieve the overall forecast £0.5m of earmarked reserves are being released to the general fund to support with cost pressure not covered by income. Also, the increasing costs mean that the planned transfer to the crematorium reserves was reduced by £0.9m. This indicates that income generated by the council is not enough to cover costs without support from reserves, which cannot be maintained indefinitely.
- 3.43 Earmarked reserves are expected to stay stable from £5.2m to £5.5m by 31 March 2025. The general fund balance is forecast to be £1.82m by this date. Therefore, the Council can achieve its financial targets for 2024/25. However, given the significant changes in Local Government Financing, the 2024/25 budget should be considered considering additional pay pressure that will need to be budgeted for and future changes in Business Rate allocations. Members should note, failure to set a balanced MTFS that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, as part of their VFM.
- 3.44 The 2024/25 budget should be read in conjunction with the Council's Fees and Charges book for 2024/25, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised in the Fees and Charges report.

Assurance Statement of the Council's Section 151 Officer (Head of Finance and Resources)

- 3.45 The Section 151 Officer's has a statutory duty to report under Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves. The following assurance can be given:
- In relation to the 2024/25 General Fund Revenue budget, I have examined the budget proposals and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given, good management, and the sound monitoring of performance and budgets.
 - I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with any problems which may arise unexpectedly during the 2024/25 year.
 - The key process risks in making the above statement are growing pressure on pay costs and temporary accommodation costs expected,

that will potentially lead to pressure in the short term, but not within the 2024/25 financial year.

- My statement is conditional upon the agreement of an updated Medium Term Financial Strategy being agreed by Council to ensure that the required target of 15% minimum balance for general fund can be maintained in the medium term.

4.0 Exemptions in accordance with the Access to Information procedure rules

4.1 Report taken in open session.

5.0 Financial implications [IB]

5.1 Contained in the body of the report.

6.0 Legal implications [MR]

6.1 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves.

7.0 Corporate Plan implications

7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated to ensure delivery of all the aims, outcomes and targets included in the Council's Corporate Plan.

8.0 Consultation

8.1 None

9.0 Risk implications

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with these report / decisions were identified from this assessment:

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
That decisions made for 2023/24 are made in isolation from the Medium-Term Financial Strategy and the pressures set out in that strategy.	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

10.0 Knowing your community – equality and rural implications.

10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

11.0 Climate implications

11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees, and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasingly difficult to meet its carbon emergency targets by 2030.

11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

11.3 The pressure that is in the budget pose risks for all the council's activities, including these areas.

12.0 Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
-

Background papers: None

Contact officer: Ilyas Bham, Accountancy Manager x5924

Executive member: Cllr K Lynch

Appendix 1 - General Fund Earmarked Reserves

Reserve	Closing Balance 31st March 2023	Capital Expenditure Budget	To Revenue Revised Budget	From Revenue Revised Budget	Closing Balance 31st March 2024	Capital Expenditure Budget	To Revenue Budget	From Revenue Budget	Closing Balance 31st March 2025
Special Expenses Reserve	(309,426)	115,464	31,500	(110,000)	(272,462)	36,710	32,450	(45,000)	(248,302)
Local Plan Procedure	(658,115)		240,601		(417,514)		116,292		(301,222)
Business Rates Equalisation Reserve	(2,560,780)		657,780		(1,903,000)		653,000		(1,250,000)
Year End Carry Forwards	(137,616)		137,616		0				0
Maint Fund - Green Towers	(50,000)		50,000		0				0
ICT Reserve	(15,000)	15,000		(15,000)	(15,000)	30,000		(15,000)	0
Waste Management Reserve	(252,000)	15,000			(237,000)	15,000	237,000	(15,000)	0
Asset Management Reserve	(400,000)	200,000			(200,000)	80,000			(120,000)
Election Reserve	(50,005)		50,005	(25,000)	(25,000)			(25,000)	(50,000)
Grounds Maintenance	(30,000)				(30,000)				(30,000)
Enforcement & Planning Appeals	(180,000)		120,000		(60,000)		50,000		(10,000)
Building Maintenance costs	(588,120)				(588,120)	100,000			(488,120)
Hinckley Community Development Fund	(350,000)		350,000		0				0
Developing Communities Fund	(702,448)	280,453	300,000		(121,995)				(121,995)
Environmental Improvement Reserve	(40,000)		40,000	(200,000)	(200,000)		50,000		(150,000)
Crematorium Reserve	(442,536)	442,536			0			(2,100,474)	(2,100,474)
Financial Support Reserve	(415,000)		415,000		0				0
Enterprise Zone - Covid	(295,911)	295,911			0				0
S31 Ctax Hardship Support	(42,797)		42,797		0				0
Economic Priorities Reserve	0			(1,100,474)	(1,100,474)		2,100,474	(1,600,000)	(600,000)
Total	(7,519,754)	1,364,364	2,435,299	(1,450,474)	(5,170,565)	261,710	3,239,216	(3,800,474)	(5,470,113)