

Report to Cabinet

7th February 2023

Subject:	Draft Budget 2024/25
Cabinet Member:	Cllr Bob Piper – Cabinet Member for Finance & Resources
Director:	Brendan Arnold – Interim Director of Finance & Section 151 Officer
Key Decision:	Yes
Contact Officer:	Claire Spencer & Ramesh Prashar (Deputy Section 151 Officers)

List of Appendices

- A. MTFS Update (Winter 2024)
- B. General Fund Budget Summary
- C. Council Tax Summary
- D. DSG and Schools Funding
- E. General Fund Detailed Capital Programme
- F. Housing Revenue Account (including HRA Capital)
- G. Capital Strategy
- H. Capital Financing Strategy
- I. Investment Strategy (to follow)
- J. Treasury Management Strategy
- K. Revenue and Benefits Policy Framework 2024/25



Recommendations

1. It is recommended that Cabinet:
 - I. Note that the Council Tax Base was agreed at Full Council on 12th December 2023.
 - II. Note that the Council Tax Support Scheme was approved at Full Council on 12th December 2023.
 - III. Note that Housing Rents and Service Charges were uplifted by Full Council on 12th December 2023
 - IV. Approve the Medium Term Financial Strategy at Appendix A which incorporates the following recommendations:
 - a. Approve the MTFs and embedded MTFP as an estimate of the Council's current financial position at January 2024.
 - b. Approve the Guiding Principles as framework for financial planning for the period of the MTFs.
 - c. Approve the Capital Planning Principles to guide the preparation of the Capital Programme in the years ahead.
 - d. Note the planned development of the Transformation Programme to date and through 2024/25 and endorse the extension of the transformational approach to other services of the Council.
 - e. Note the Budget Timetable set out in this report.
 - f. Approve the submission to DLUHC of a proposal to employ flexible use of capital receipts in financial year 2024/25 and to delegate the amendment and final approval of this proposal to the Portfolio Holder for Finance and Interim Director of Finance together with the Assistant Chief Executive.
 - g. Approve the onward submission of the Winter 2024 update of the MTFs to the next meeting of Full Council.



- h. Approve the adjustments to fees and charges as set out in Annex 12.
- V. Approve the Housing Revenue Account and HRA Capital Programme at Appendix F which incorporates the following recommendations such that Cabinet:
 - a. Note that Full Council on 12th December 2023 approved the Housing Revenue Account Rents and Housing related property charges for 2024/25.
 - b. Approve the HRA Revenue Budget for 2024/25.
 - c. Note the HRA estimated working balances in 2024/25.
 - d. Approve the investment principles for the HRA Capital programme.
 - e. Approve the HRA Capital Programme control totals.
 - f. Approve the HRA Treasury Management Strategy.
 - g. Approve the 30 year HRA Business Plan (to follow).
- VI. Approve the General Fund Capital Programme at Appendix E.
- VII. Note the report on the Direct Schools Grant and Schools Funding and approve the report at Appendix D which incorporates the following recommendations such that Cabinet:
 - a. Approve the minimum transition option for calculating schools funding in 2024/25
 - b. Approve the Growth Funding at £1.60m in 2024/25
 - c. Approve introduction of a Falling Rolls Fund in 2024/25
 - d. Approve the transfer of £0.512m funding from the Schools Block to the Central Schools Services Block (CSSB) to fund the attendance service
 - e. Approve the CSSB, De-delegated and Education Function proposals as set out in Annex A (with the exception of Schools in Financial Difficulty).

- f. Adopt the allocation by block per paragraph 5 of that Appendix;
and
 - g. That Cabinet note the detail of the Schools Funding Settlement
- VIII. Approve the Capital Financing Strategy at Appendix (H).
- IX. Approve the setting of a 2024/25 Council Tax Precept for Sandwell MBC of £135,869,698 through the application of an increase of 4.99%, being 2.99% increase of core Council Tax plus 2.00% increase for Adult Social Care precept, in accordance with the Council Tax Referendum Principles set by Government for 2024/25.
- X. Approve the Investment Strategy at Appendix (I).
- XI. Approve the Treasury Management Strategy, Treasury Management Policy and Prudential Indicators at Appendix J.
- XII. Approve the Revenues and Benefits Policy Framework at Appendix K which incorporates the following recommendations:
- XIII. Note the Section 151 Officer's report under Section 25 of the Local Government Act 2003.
- XIV. Delegate to the Section 151 Officer and the Monitoring Officer any further financial adjustments, corrections or amendments to this suite of reports necessary in forming the final preparation of these papers for Full Council on 20 February.
- XV. Approve that the Director of Finance be given delegated authority to make transfers to or from reserves during the financial year to ensure that adequate reserves are maintained and adjusted when spend from earmarked reserves is required.
- XVI. Approve that the Director of Finance be given delegated authority to adjust the funding sources applied to the Capital Programme during the year to maximise flexibility in use of capital resources and minimise borrowing costs where possible.
- XVII. Approve the entire suite of reports comprising the Draft Budget 2024/25 for presentation to Full Council on 20 February 2024.

Introduction

2. The Council is legally required in each year to set a balanced budget for the financial year which must be approved before 11th March.
3. To ensure that the budget being presented to Cabinet and Council is balanced and robust, the process usually starts in the early Summer of the previous year with senior officers considering financial performance during the current year plus reflecting on likely pressures on expenditure and income, and potential mitigations, for the upcoming and future financial years. This ensure that the Medium-Term Financial Strategy reflects a reasonable assessment of the Council's finances over the period of the Strategy.
4. This early engagement ensures that sufficient time is given to the importance of the budget setting process and also any planning for require change to ensure that the Council remains on a sound financial footing in the medium term.

Reasons for Recommendations

5. The Local Government Finance Act 1972 requires the Council to set a balanced, risk assessed budget each year and approve a Council Tax precept by 11th March.

How does this deliver objectives of the Corporate Plan?

6. The strategic direction for the Council is set out in the Council's Corporate Plan 2021-2025 (Big Plans for a Great Place). The plan was refreshed in 2023 to reflect the current and future needs of the borough as it continues to recover from the COVID-19 pandemic, as well as the progress made on the Council's improvement journey under Government intervention.
7. Sandwell as a Borough faces significant challenges. It is the 12th most deprived borough in England according to the Index of Multiple Deprivation, and Sandwell's level of fuel poverty is the fifth highest in UK. The level of average pay within the Borough is lower than in both the West Midlands region and England as a whole and the city's unemployment rate

is higher than average compared to a group of similar local authority areas, whilst healthy life expectancy is lower than the national average.

8. There are, however, many strengths of Sandwell's local economy that provide a foundation for economic sustainability that will improve quality of life and make the borough a more sustainable, greener place. Well placed in a central location in the UK's transport network adjacent to the country's second city, Sandwell has a diverse and young population with pockets of highly innovative businesses and a high level of entrepreneurial activity. Across the Borough, our £2.5bn regeneration pipeline will boost connectivity and economic growth – this includes the recently opened Sandwell Aquatic Centre, showcased in the Commonwealth Games 2022, and the new Midland Metropolitan University Hospital.
9. The Corporate Plan sets out the Council's role as a partner, enabler and leader in Sandwell, and the importance of partnership working to the delivery of the Plan. This approach is equally important to delivery of the MTFS and incorporates elements such as: responding to national and regional policy for local government; leading on innovative approaches to working differently; acting as a civic leader, in collaboration with local residents, communities and partners (public, private, and voluntary and community sectors); working with residents and communities to find solutions to challenges faced in local neighbourhoods; being an effective partner in the West Midlands Combined Authority; being at the forefront of working with Government through the Levelling Up Partnership and leading the local Anchor Network.
10. To address the challenges faced by Sandwell and maximise the opportunities available to the Borough, the Corporate Plan sets out the six strategic outcomes for the Council:
 - The Best Start in life for Children and Young People
 - People Live Well and Age Well
 - Strong, Resilient Communities
 - Quality Homes in Thriving Neighbourhoods
 - A Connected and Accessible Sandwell
 - A Strong and Inclusive Economy

11. In order to achieve these outcomes, it is fundamental that the Council has a strong and sustainable financial position, with resources and assets that are aligned with our strategic outcomes, and that it works in genuine partnership with local residents, communities and partners. Central to the achievement of the Plan, our One Council, One Team approach will focus on the way in which the Council and its employees work, both within the organisation and collaboratively more widely, in order to improve services and make the biggest possible positive impact on people's lives.
12. The Corporate Plan clearly sets out the need for financial resilience in order to achieve its objectives. The Medium-Term Financial Strategy (MTFS) reflects the principles, outcomes and priorities set out for Sandwell as contained in the Corporate Plan. The MTFS complements the Corporate Plan by defining the financial framework within which the strategic outcomes will be delivered. It ensures through appropriate resource allocation that it supports delivery of the Plan, alongside the fundamental aims of delivering a balanced budget and enabling the Council to fulfil its statutory duties.
13. Delivery of the Corporate Plan is monitored regularly through the Council's Performance Management Framework. As part of the Council's continuing improvement journey, work continues to further develop and align the monitoring and reporting of performance, financial and transformation programme management information to ensure corporate oversight and the successful delivery of the MTFS.

Financial Context

14. The financial position as presented to the Cabinet in December 2023 projected that the General Fund would be overspent by £1.222m (0.4% of the Council's net budget of £317.623m).
15. The most significant adverse variance was for SEND Transport which projected a £6.3m overspend. Whilst this overspend will be partly funded from reserves for 2023/24 additional pressures have been built into the Draft Budget for 2024/25 to ensure that the demand for services can be financially accommodated.
16. Other adverse variances reported were primarily related to unachieved savings or reductions in income. These have been considered as part of

this budget setting process and where mitigations could not be identified have been included as a budget correction in the 2024/25 draft budget.

17. The Housing Revenue Account reported an overspend of £0.596m as at the end of Quarter 2 2023/24 which would be fully funded from reserves.

The Provisional Finance Settlement

18. The provisional Local Government Finance Settlement was announced on 18th December 2023. The key points from the National Settlement were as follows:
 - i) The Council Tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% Adult Social Care precept.
 - ii) Local Government Funding Reform – the Fair Funding Review and reset of Business Rates growth will not be implemented in 2024/25.
 - iii) The Social Care Grant has increased by £692m to £4.5bn nationally.
 - o The increase for this Council equated to £7.02m.
 - iv) Adult Social Care Discharged Fund increased by £200m to £500m nationally
 - o Sandwell MBC received an increase £2.15m to take total grant to £5.38m
 - v) Adult Social Care Market Sustainability Improvement Fund totalling £1.05bn for 2024/25
 - o Sandwell MBC saw an increase of £3.76m with grant now totalling £8.08m
 - vi) No change to the Better Care Fund
 - vii) Services Grant continuing to see reductions from £822m in 2022/23 to £464m in 2023/24 to £77m in 2024/25. The decrease in these grants are being used to fund other increases within the overall settlement. Sandwell MBC saw reduction of £3.47m with final grant amount totalling £0.65m
19. The Final Local Government Finance Settlement is due to be confirmed towards the end of January 2024 and therefore any changes from the Provisional Settlement will not be reflected in this report. However, it is not expected that there will be any material changes to the values indicated

in the Provisional Settlement. A verbal update will be given at the Cabinet meeting, should changes have been advised.

Medium Term Financial Strategy

20. The Council's Medium-Term Financial Strategy was last approved in November 2023 following a significant review.
21. Appendix A of this report gives a detailed update to the MTFS with a high-level summary of the Council's financial position. Shown in the following table.

Table A: Summary MTFS (January 2024 update)

	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Opening Net Base Budget	317.103	351.996	370.954	386.220	400.338
Budget pressures and technical adjustments	48.812	18.958	15.266	14.118	13.899
Changes in government funding within services	(13.919)	-	-	-	-
Adjusted Net Budget	351.996	370.954	386.220	400.338	414.237
Funding	(333.008)	(340.530)	(350.942)	(361.725)	(372.894)
Net Deficit before savings	18.988	30.424	35.278	38.613	41.343
Savings Proposals	(18.988)	(17.924)	(19.570)	(19.570)	(19.570)
Net Budget (Surplus)/ Shortfall	-	12.500	15.708	19.043	21.773

22. The Draft Budget also includes a number of assumptions about income and expenditure changes. These are summarised below and further detail appears on the MTFS (Appendix A: Annex 7)
- i) Inflation has been provided where contractual and unavoidable
 - ii) Provision for 2024/25 pay award: a 4% increase is provided for
 - iii) Pension contributions have been set in line with the current triennial valuation (updated for 2022 revaluation)
 - iv) Business Rates income based on current trends

- v) 4.99% increase in Council Tax, made up of 2.99% 'core' increase and 2% Adult Social Care precept (compared to 2.99% in the draft budget)
 - vi) Continual review of spend pressures and growth items
23. Budget pressures and growth items have been considered by the Corporate Leadership Team and only included where unavoidable to meet corporate or statutory objectives.
24. Fees and Charges have been increased by 5%, except for those that are set by statute or in other limited exceptional circumstances. However, further specific increases are proposed in some areas where the Council's charges are either not covering costs or where charges are significantly below benchmarks have been applied. A summary of the Council's Fees and Charges are included in the MTFS at (Appendix A - Annex 12).
25. Inflation, although currently 3.9% (November 2023) remains above the Government 2% target following its peak at 11.1% in October 2022. Inflation levels remained above 10% until April 2023 and have seen steady falls since that date. The Bank of England expects inflation to continue to slow and be back to normal 2% levels by the end of 2025. It is important for the Council's fees and charges to keep pace cumulatively with inflation, but the Council is mindful of the impact of the cost of living and has moderated increases for the majority of its services for 2024/25.
26. Savings proposals, including the impact of the fees and charges increases detailed above, are included at Appendix A – (Annex 5). The details of the Council's Consultation process through the Summer of 2023 are also set out in the MTFS.
27. As part of the budget process, and included in the Draft Budget, the Council has also to agree the Contract Sum payable to Sandwell's Children's Trust for the next financial year. This is a dialogue process which begins in the Autumn so that the Council and Trust can agree the assumptions on which the Contract Sum shall be based. The contract sum agreed for 2024/25 is £80.80m which reflects the amount sought by the Trust.
28. At the time of writing the report the Public Health Grant allocations for 2024/25 had not been announced. The budget proposals assume that the grant remains at the same level as 2023/24.

Dedicated Schools Grant

29. As part of the budget process the Council also allocates the Dedicated Schools Grant (DSG) to schools in consultation with the Schools Forum. The Government has announced the gross 2024/25 Dedicated Schools Grant (DSG), for all Sandwell schools in the sum of £466.2m. This represents an increase of 9.64% from the corresponding amount in 2023/24. This is before recoupment for Academies and Free Schools which will be calculated later and therefore the amount available for distribution by the Council will be lower than this headline figure. The significant increase in Early Year's Block is due mainly to the expanded Early Years entitlements. Any grant amount unspent will probably be recouped back by government. A summary of the 2024/25 DSG by block is shown below:

Table B: Schools Funding 2024/25

DSG Block	Allocation prior to Adjustments	Adjustments	Allocation after adjustments
	£m	£m	£m
Schools Block	349.852	(3.276)	346.576
Central School Services	2.381	0	2.381
High Needs	75.436	(4.490)	70.946
Early Years	38.535	0	38.535
Total	466.204	(7.766)	458.438

30. Appendix D to this report details the process and principles adopted for movements between the budget blocks.

Council Tax proposals

31. The Draft Budget 2024/25 assumed a 2.99% increase in core Council Tax, and this has been adopted as a general planning assumption across Local Government.
32. The Autumn Statement and Provisional Finance Settlement confirmed a referendum limit of 2.99% for core Council Tax and allowed 2% for the Adult Social Care Precept. This means that the Council can raise Council Tax by a total of 4.99% in 2024/25.
33. Each 1% increase in Council Tax raises approximately £1.3m in additional Council Tax income and also ensures that the Council Tax Base is maximised for future years. This is an important consideration because if this opportunity is not taken, further cuts to key services will be needed to balance the budget in future years.
34. 72% of properties in Sandwell are in Council Tax Bands A and B (43% Band A and 33% Band B). The impact of a 4.99% increase on the Council's element of the Council Tax is shown below:

Table C: Council Tax increases exemplifier

4.99% Increase	Band A	Band B
2023/24 Council Tax (Sandwell MBC element only)	£1,103.01	£1,286.85
2024/25 Proposed Council Tax (Sandwell MBC element only)	£1,158.05	£1,351.06
Increase per year	£55.04	£64.21
Increase per week	£1.06	£1.23

35. The Council is continuing to experience demand and inflationary pressures in Adult Social Care and spend pressures of over £14m have already been included in the budget for 2024/25. Approving a further 2% for the ASC Precept will not only contribute towards funding these additional costs but will help to ensure sustainability of the care sector over the next 12 months and into the future, particularly in light of the ongoing impact of inflation and cost of living.

36. As the billing authority, the Council also bills and collects the precepts for the Police and Fire authorities. At the time of writing the report proposed increases from these preceptors have not been made available and therefore the overall impact on Sandwell's residents cannot be fully quantified.
37. The Council Tax bill issued to residents incorporates the precept from the Council, Fire and Police. Based on the provisional figures above, the overall increase on the bill would be x% including a 4.99% increase for the Council.
38. Based on a 4.99% increase and a Council tax base of 78,217.27 the Council Tax precept for 2024/25 will be £135,869,698 and is reflected in the budget summary shown at Appendix B. Legislation requires Council Tax bills to be shown to one decimal place so the Council's increase will be shown as 5% on the face of the bill although the underlying increase will be 4.99% as described.

Reserves Position

39. The Council has two types of reserves:
 - Earmarked Reserves which are for specific future projects, commitments or risks, both revenue and capital
 - Unearmarked Reserves are held to ensure the Council can manage unexpected financial challenges.
40. The level of Unearmarked Reserves at 31 March 2022 was £16.6m based on the unaudited financial statements for 2021/22 and estimated to be £16.9m as at the end of March 2023.
41. Table D below summarises the Council's level of earmarked reserves as at the end of March 2023 and the projected balances at the end of March 2024 and 2025.

Table D: Earmarked Reserves

	31 March 2023 £m	31 March 2024 £m	31 March 2025 £m
General Reserves	16.722	18.907	18.451
COVID Emergency Fund	10.890	4.698	4.698
Grants – Better Care Fund	15.056	14.056	14.056
Grants – Other	22.734	14.436	14.436
Risk – Business Rates Volatility	8.500	8.500	8.500
Risk – Other	21.767	24.412	24.412
Capital	16.861	10.980	10.980
Schools	13.659	15.341	15.341
Total	126.189	111.330	110.874

42. The key points of briefing on reserves are as follows:
- i) The Council has adequate reserves at the present time and this position is expected to continue in the medium term.
 - ii) The Council holds reserves to offset specific strategic and operational risks. Therefore, these resources are not available to support operating expenditure. Other than in conditions of financial crisis. These conditions do not pertain in the Council at this time.
43. The Council’s reserves policy in the current MTFS is for General Fund unearmarked reserves to be maintained at a minimum of 5% of net expenditure. It is important to note that this policy means that the level of reserve required may fluctuate as net expenditure changes due to inflationary and demand pressures on Council services.

Transformation

44. In considering responses to the financial challenges that lie ahead the Council is very much aware that there is a need to modernise and transform the way that services are delivered to both external and internal customers. As part of this transformational agenda the Council has already established a Programme Management Office to form, guide and support the process of developing a suite of transformation programmes in the organisation and is in the final stages of confirming the governance arrangements that will support these initiatives at a strategic and

operational level. To this end a Corporate Transformation Board has been established to which a suite of Service Programme Boards will be accountable. This provides assurance that the Directorates within the Council will be held to account for delivery of transformational outcomes and related targets by the Corporate Transformation Board on behalf of the Leadership team and Cabinet.

45. At the present date the following service programme boards and transformational programmes are already operating or are expected to begin operations within the next 3 months.
 - a. Oracle Fusion: a programme led from Finance & Human Resources to replace the Council's outdated version of Oracle with a state of the art cloud based system. This will introduce to the organisation major improvements in Human Resources Management, Finance Management, Procurement, Executive Reporting and Payroll and will set in place a platform which will be capable of further exploitation.
 - b. Property Transformation: this programme is focussed on the implementation of the Corporate Landlord Model for the management of property assets and the organisation of office space.
 - c. Housing Transformation: led from the Housing Directorate this programme will embrace a suite of workstreams to improve service operating standards, modernise operating procedures and to develop new software systems to improve delivery and management information.
 - d. Adult Social Care: a major programme is to be launched shortly to acquire an implementation partner to assist the Council in developing more insightful management information and to use this to improve efficiency in service delivery.
 - e. Customer Services: led from the Corporate area but with input from across the Council this programme is planned to bring a more consistent approach to service delivery channels, to devise more efficient delivery structures and allow improvements in technology to enhance the customer experience in Sandwell.
46. Other programmes will be developed on the basis of need and opportunity in the period ahead.

Housing Revenue Account

47. The Housing Revenue Account (HRA) is a ring-fenced account for the Council's housing stock and is shown separately to the General Fund. Income comes from rent and service charges and expenditure relates to the management and maintenance of the stock. The HRA also has a Capital Programme for major repairs, refurbishment and new build housing.
48. A meeting of the Full Council on 12th December 2023 approved the increase in housing rental charges and housing service charges of 7.7% and the financial implications of these increases are reflected in the HRA base budget for 2024/25. Government announced that from 2020/21 rents can revert to the previous policy and be increased by CPI (at September of the previous year) plus 1%. This allows for a more optimistic forecast of the resources available to the HRA and continues the ability to reduce the level of debt (see below). CPI at September 2023 was 6.7% thus allowing for a 7.7% increase in rents from April 2024.
49. Appendix F of this report includes further detail of the HRA and Table 2 to that Appendix shows a balanced budget position for 2024/25.
50. The proposed HRA Capital Programme for 2024/25 of £58.945m includes £28.945m for new build and £30.000m for improvements to existing stock holdings. Details of these proposals and their financing are included in Appendix F.

Feedback on Budget Consultation, Scrutiny Committees and Equality Impact Assessments

51. When making budgetary decisions, the Council has a duty to consult with those who are liable to pay council tax or non-domestic rates, as well as those who use or are likely to use services provided by the authority. The Council is also required to take into account their statutory public sector equality duty under the Equality Act (2010) and consider any relevant Equality Impact Assessments when formulating and agreeing proposals.
52. A public engagement exercise on the Council's budget was conducted in Summer 2023 seeking residents' views on how the Council should reduce spend in order to deliver a balanced budget. A further consultation exercise was conducted in Autumn 2023 on a basket of savings options which, if adopted for 2024/25, will impact residents and businesses in the Borough.

53. The feedback and results of Equality Impact Assessments are included at Appendix A, Annex 3 (to follow) to this report.

Capital Programme

54. The Capital Programme for the General Fund is shown at Appendix E, along with the sources of finance. The total Capital Programme for 2024/25 is recommended to be set at £144.476m for General Fund. This is to be funded by a combination of grants, earmarked reserves and revenue contributions.
55. Prudential borrowing levels are budgeted to be £21.504m for the General Fund. The impact on the Council's Capital Financing Requirement and Prudential Indicators are reflected in Appendix J, which also includes the Council's Policy for Minimum Revenue Provision which describes how the General Fund is charged for prudential borrowing amounts.
56. This programme includes an indicative amount of £10m for the Schools Programme as the Basic Need Allocations have not yet been confirmed by Government. A separate report will be brought to Cabinet with more detail on proposed schemes once allocations have been announced.
57. The Capital Strategy and Capital Financing Strategy, which sets out how all Capital expenditure will be managed and financed, are attached at Appendices G and H.

Budget Risk Assessment

58. Section 25 of the Local Government Finance Act 2003 requires the S151 Officer to provide assurance to Full Council that the level of reserves that the Council holds are adequate and that the base budget proposals are reasonable in terms of their robustness and deliverability.
59. Accordingly, on 20 February 2024 when setting the annual budget and reviewing the appropriate level of reserves, the Director of Finance and Section 151 Officer has considered the financial risks that the Council faces and the mitigations that are in place. These risks and their mitigations are included in the MTFS at Appendix A, Annex 9.

Section 25 Assurance Statement

60. This section will be completed by the Section 151 Officer prior to submission to Cabinet on 7th February 2024.

Treasury Management Strategy

61. The Council is required to set a Treasury Management Strategy and Investment Strategy each year. These set out how the Council manages its cash balances and how the financing of its Capital Programme through borrowing will be managed.
62. Included within this document is the policy for the Council's Minimum Revenue Provision which determines how historic prudential borrowing is to be charged to the Council's General Fund.
63. Also, as part of the Treasury Management Strategy, the Council is required to set Prudential Indicators which establish borrowing limits regarding affordability and capital investment plans, and a policy for investment counterparty selection criteria which ensures that the Council will only invest with approved counterparties meeting strict conditions. The Treasury Management Strategy Statement including the relevant indicators and policies is attached at Appendix J for Cabinet approval and recommendation to Council.

Revenues and Benefits Policy Framework

64. There is a comprehensive policy framework within Revenues and Benefits which require annual review and adoption including:
 - i) Corporate Debt Recovery Policy
 - ii) Council Tax Award of Discount Policy
 - iii) Council Tax Discretionary Reduction Policy
 - iv) Flood Relief Policy
 - v) Discretionary Housing Payments Policy
 - vi) Local Welfare Provision Policy
 - vii) Non-Domestic Rate Hardship Relief Policy
 - viii) Non-Domestic Rates Discretionary Rate Relief Policy
 - ix) The Local Council Tax Reduction Scheme Policy
65. Appendix K to this report incorporates all the relevant policies for adoption and highlights any changes.

Alternative Options

66. Cabinet could request that alternative savings options be proposed and agreed, although there is limited time to do this and still be able to carry out the appropriate consultation on alternative savings. Cabinet could also consider an alternative Council Tax increase, subject to adhering to the Referendum Principles, or alternative increases in Fees and Charges. The consequences of adopting a lower Council Tax increase would entail that additional savings would be required and saving targets made larger in future years.

Implications

Resources:	Resource implications are contained within the main body of the report.
Legal and Governance:	<p>Cabinet in making a decision and recommendation to Full Council in relation to budget and council tax proposals must take account of the following considerations.</p> <p>The Council is required under Part 1, Chapter III of the Local Government and Finance Act 1992 (the 1992 Act) to set a council tax for the forthcoming year and its budget estimates. The decision must be made before 11 March of the preceding year (i.e. by midnight on 10 March). Sections 31A and 31B of the 1992 Act require the Council to calculate its “council tax requirement”. This is reflected and set out in the recommendations and this report. The report sets out the duty to have regard to the assessments of the s.151 Chief Finance Officer under s.25 of the Local Government Act 2003.</p> <p>The Council is under a duty to agree a lawfully balanced budget. The Council’s prospective expenditure must not be likely to exceed its resources available to meet that expenditure. The proposals set out in this report meet this obligation. Any amending or substituted proposals must also achieve a balanced budget. The proposed Council Tax is under the statutory threshold which would require the City</p>

	<p>Council to hold a referendum of local electors to approve the increase.</p> <p>Under s.114 of the Local Government Finance Act 1988, the Council's S151 Chief Finance Officer is required to report to all of the authority's councillors if there is, or is likely to be, unlawful expenditure or an unbalanced budget (i.e. the council is unable to set or maintain a balanced budget). Failure to set a legal budget by 11 March would activate this duty. It may also lead to further intervention from the Secretary of State under s.15 of the Local Government Act 1999.</p> <p>Members are subject to the Council's duty to set a balanced budget, and at common law owe a fiduciary duty to taxpayers to do so. Members must receive and take into account the advice of officers, particularly the section 151 officer, when considering and deciding the Council's budget. As the decision makers, members must have due regard to the Council's equalities duties when setting the budget.</p>
Risk:	This information is contained within the main body of this report.
Equality:	<p>The Council's public sector equality duty under s.149 of the Equality Act 2010 requires it to have due regard to the achievement of its equalities duties when discharging its duties.</p> <p>It is important to note that the any recommendations endorsed by Cabinet and recommended to Full Council are the approval of the Council's council tax for 2024/25 and the budget (or "financial envelope") and its council tax and not final decisions in respect of service provision or savings proposals. This means that equalities assessments in respect of savings proposals are only formative at this stage and full and final assessments will need to be made when final decisions are made by the Cabinet or officers, taking account evidence and analysis at that time of their impact on protected groups.</p> <p>It remains open to future decision makers to amend or stop budget proposals being implemented having</p>

	regard to the Council's equalities at this later stage but noting that compensating savings will need to be made from other services or expenditure to ensure a balanced budget in the forthcoming year and / or to protect the adequacy of the Council's reserves.
Health and Wellbeing:	No direct implications arising from the recommendations.
Social Value	No direct implications arising from the recommendations.

Background Papers

- a. [Medium Term Financial Strategy Autumn 2023 Update – Cabinet 15th November 2023](#)
- b. [Review of Council Tenants Rents and Housing Related Property Charges – Cabinet 6th Dec 23](#)
- c. [Q2 Budget Monitoring 2023/24 – Cabinet 6th December 2023](#)