Report title: Council Budget Strategy Update: 2025/26 and future years

Meeting:	**Cabinet**
Date:	**10th September 2024**
Cabinet Member (if applicable)	**Cllr Graham Turner**
Key Decision **Eligible for Call In**	**Yes**

Purpose of Report

To determine the Cabinet's approach to the annual update of the Council's Medium Term Financial Strategy (MTFS). This is reported to Full Council each year and sets a framework for the development of draft spending plans for future years by Officers and Cabinet.

Recommendations

Cabinet recommend the following for approval by Council:

- note the key risks to the delivery of the budget in 2024/25 and that these will be subject to consideration as part of the Budget Monitoring reports submitted to the Cabinet on a quarterly basis;

- note the continued uncertainty with the future funding outlook for the Council;

- note the update and the revised budget gap to the Medium Term Financial Strategy for the period 2025/26 to 2029/30 as shown at ***Appendix A*** and that in view of the uncertainty with some of the assumptions upon which the Strategy is based, that it will remain under review as the Council's budget process progresses;

- note that there is a significant gap of c£30m in 2025/26 which requires either reduction in budget pressures or increased savings proposals to be brought forward at pace.

- note the scenario analysis shown at ***Appendix C*** which models 'worst'/'best' case scenarios around the baseline MTFP as part of the assessment of potential risks facing the Council;

- agree the Medium Term Financial Strategy as set out in the report;

- note that as delegations allow, and in view of the significant financial challenge faced by the Council, early action will be taken to identify and implement budget reduction measures (consistent with the Medium Term Financial Strategy set out above) as a means of reducing the funding gap set out in this report;

- in consultation with relevant Cabinet Members, request Officers to identity and bring forward proposals consistent with the Medium Term Financial Strategy set out in this report for consideration by Cabinet (and then Council) as part of their development of the budget for 2025/26;

- note the timetable set out in **Appendix E** of the report for the development of the Council's Budget for 2025/26;

- agree that, subject to consideration by respective Portfolio Holders, any budget proposals arising from the work above be considered by the Cabinet in due course (and subject to the proposal on consultation below);

- note that it is proposed to undertake consultation on the budget proposals in late 2024 with a view to informing decisions on the Council's budget for 2025/26.

- subject to the continuation of the Business Rates Pooling arrangements, give delegated authority to the Chief Executive and the Service Director Finance, in consultation with the Leader and the Finance and Regeneration Portfolio Holder, to determine whether the Council should continue as a member of the Leeds City Region Business Rates Pool in 2025/26

Reasons for Recommendations

- To ensure that the Council has a sustainable budget over the medium term to deliver the Council's priorities.

Resource Implications:

This report develops the financial planning framework for the 25/26 budget and all relevant financial implications are contained in the report and appendices.

Date signed off by <u>Strategic Director</u> & name	**Rachel Spencer-Henshall – 2 September 2024**
Is it also signed off by the Service Director for Finance?	**Kevin Mulvaney – 2 September 2024**
Is it also signed off by the Service Director for Legal Governance and Commissioning?	**Sam Lawton – 2 September 2024**

Electoral wards affected: All

Ward Councillors consulted: All

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Summary

1.1 Under the Council's Constitution, the Cabinet is required to submit a provisional Budget Strategy Update to the Council no later than October in each year. Commonly known as the Medium Term Financial Strategy (MTFS), this report sets out a framework for the subsequent budget setting process and future financial planning.

1.2 At the meeting of the Council on 6th March 2024, the Council approved its Budget for 2024/25. As part of this, approval was also given to the MTFS for the period to 2026/27. The MTFS sets out the Council's financial plans detailing income and expenditure over the medium term. Acknowledging that the Council is operating in a dynamic environment and that the assumptions underpinning the MTFS are subject to change, it is good practice to review and update the Strategy on a regular basis to ensure that the Council has a good understanding of its forward financial forecasts and to support planning for the development of the budget in 2025/26 and subsequent years.

1.3 The update to the MTFS is also necessary in the context of the Council's outturn for 2023/24, reported to Cabinet/Council on 9th /17th July 2024 and the Quarter 1 Budget Monitoring position for 2024/25 reported to Cabinet on 13th August 2024. The outturn position on the Council's General Fund Revenue Budget was an overspend of £7.3m and the latest monitoring position indicates the Council is forecast to overspend by £12.8m in 2024/25. Should the forecast outturn position for 2024/25 be sustained until the year end, the Council's Unallocated Reserve could fall below the minimum level. This means that for the purposes of planning the budget for 2025/26, there is no scope to use these reserves and the funding gap must be bridged by reductions in the base budget, whether that is less expenditure, more income or a combination of the two.

1.4 In response to the Budget Monitoring for 2024/25, a series of additional mitigating measures are being considered to reduce the Council's net expenditure. At the same time, a review of the Council's Capital Programme is underway. These actions are being implemented in the context of the Council Plan priorities so that the Council's activities continued to support the delivery of services towards the shared outcomes set out in the Plan.

1.5 There is a forecast deficit on the Medium Term Financial Strategy of £40.9m by 2029/30 with the most immediate issue being a funding gap in 2025/26 of £29.3m. This is partly caused by the continuation of the overspend in 2024/25 as a result of the continuing impact of the cost and demand pressures particularly in the social care sector, shortfalls in income and the rising cost of temporary accommodation.

1.6 In view of this significant funding deficit, the Council must identify ways to achieve a sustainable budget at the earliest opportunity. Given the significant reduction in reserves over recent years, there is also a need for the Council to ensure it can maintain an adequate Minimum Working Balance and start to build back reserves to provide the Council with financial resilience and capacity.

1.7 It is important that the development of the MTFS is undertaken in the context of the Council Plan, which was approved by Council on 6th March 2024 alongside the 2024/25 Budget. It sets out the ongoing commitment to a vision and shared outcomes over the medium term but in the context of the economic and financial challenges currently facing the Council and the Borough. The four key Council priorities are:-

- Address our financial position in a fair and balanced way;
- Strive to transform council services to become more efficient, effective, and modern;
- Continue to deliver a greener, healthier Kirklees and address the challenges of climate change;
- Continue to invest and regenerate our towns and villages to support our diverse places and communities to flourish.

2. Information required to make a decision

Budget Strategy for 2024/25

2.1 In setting the General Fund Revenue Budget for 2024/25, the Council agreed the following key matters are part of the budget strategy:-

- net budget growth of £33.1m to reflect increases in demand for services, structural deficiencies in some income budgets and inflationary pressures;

- savings totalling £42.6m to be implemented so that the full effect of the saving impacted in 2024/25;

- drawdown of £11.4m from Earmarked Reserves to support expenditure in the budget.

Quarter 1 Budget Monitoring

2.2 At the last meeting of Cabinet in August 2024, Councillors considered a report on the Council's Quarter 1 General Fund Revenue Budget monitoring position. This estimated that the Council is forecast to overspend by £12.8m in the current financial year as summarised in the Table below:-

Table 1: Quarter 1 Budget Monitoring 2024/25

	Revised Budget £m	Forecast Outturn £m	Forecast Variance £m
Children and Families	80.6	86.3	5.7
Adults and Health	120.1	122.1	2.0
Growth and Regeneration	42.1	48.8	6.7
Corporate Strategy, Comm and Public Health	57.4	61.1	3.7
Central Budgets	64.8	64.8	-
General Fund	**365.0**	**383.1**	**18.1**
Demand Reserve Drawdown	3.0		(3.0)
Social Care Contingency Budget Release		(2.0)	(2.0)
Waste Inflation Budget Release		(0.3)	(0.3)
General Fund Net Revenue Budget	**368.0**	**380.8**	**12.8**

2.3 Executive Directors have been asked to bring forward proposals to bring the projected overspend back into a balanced position. Should the forecast overspend remain unchanged, the Council's balance of Unallocated (General) Reserves could fall below what is considered to be the minimum working balance level of £15m, although as part of the

Budget setting process the minimum working balance will be reviewed to ensure it is still the correct level.

2.4 Members will be aware that several actions have already been taken to control net expenditure. These include:-

- cessation of all but priority expenditure (limiting spending to maintaining health and safety, meeting statutory service requirements, fulfilling contractual obligations, preventing further costs and to helping generate income);
- stricter controls on recruitment whereby all posts subject to release are approved by the relevant Executive Director and the Council's People Panel, but stopping short of a total recruitment freeze;
- an ongoing review of all discretionary fees and charges to seek to ensure full cost recovery in line with the Council's approved fees and charges policy.
- accelerating the sale of assets that the Cabinet has already agreed to dispose of and bring forward further options for assets disposals (both to reduce the operating cost of the Council's Estate and to generate capital receipts);
- continuing to explore all external funding opportunities to bring additional income into the Council;
- undertaking a review of the Council's Capital Programme to determine to what extent schemes can be rephased, deferred, stopped or not started at all to the reduce the cost of borrowing to the Council and to free up capital receipts so that they can be reallocated to essential spending commitments. To date over £62m of spend has been slipped from 2024/25 into future years which has reduced Council borrowing requirements to be in line with the budget.

2.5 Whilst these actions are having some effect in helping to mitigate the Council's financial position, it is evident that these actions need to go further and quicker to reduce the in year overspend and the potential impact on reserves.

2.6 In the view of the Service Director Finance, these actions remain necessary to avoid the need to issue a report under s114 of the Local Government Finance Act 1988. The need to issue such a report will remain under review depending on the success or otherwise of the implementation of the actions set out above.

2.7 In summary, the Budget Strategy for 2024/25 and the forecast overspend for the year continues to provide the backdrop for the significant ongoing financial challenge faced by the Council and many other authorities across the country.

Overarching Principles of the Financial Strategy

2.8 A sustainable financial plan is required to help ensure the Council is well placed to achieve its ambitions as set out in the Council plan.

2.9 The Council will become more sustainable by reducing the reliance of one off funding sources, such as reserves, to fund recurring expenditure and it must to continue to make an appropriate provision to top up its unallocated (general) reserve to ensure that on a risk based approach this reserve is always above a minimum level.

2.10 The strategy will also provide specific funding for the creation of certain earmarked reserves to continue to fund transformation costs that will be required to deliver service change across the Council. This change can help deliver its ambition of being modern efficient Council.

2.11 The strategy also recognises the need to provide the Council's agreed contribution to the SEND Safety Valve plan at c£10m.

2.12 This financial plan aims to provide funding to address known pressures in the base budget and will make appropriate provision for inflation (pay and prices) and a reasonable assessment of demand pressures based upon the latest available information. In the main these are the demand pressures being reported in Q1 financial monitoring.

2.13 In general, fees and charges to the public are assumed to be increased annually by 3%; however where costs rise beyond this, for example in those traded services who may be impacted more acutely by National Living Wage increases, or services who have not yet achieved full cost recovery, services will continue to seek to recover full costs in line with the Council policy on fees and charges so as to not to create additional burdens on the general fund. Charges for users of Adult Social Care services will continue to be based on assessment of a clients ability to pay.

2.14 The Capital plan, currently £1.29bn over five years will continue to be subject to review and presently no new schemes have been added to those already in the plan. It is likely that as part of the ongoing review, some schemes will need to be slipped or removed from the capital plan. At Quarter 1 2024/25, around £62m (£23m of general fund borrowing) has been slipped from the current financial year into future years which has brought this year's Treasury budget into balance.

2.15 New capital schemes will be considered for inclusion in the Capital plan if they deliver ongoing revenue savings against the base budget; or are required to meet health and safety priorities or on the basis that new bids are assessed as a greater priority than existing Council funded schemes which would subsequently be removed.

2.16 Collectively, these principles are designed to create a more stable base budget from which Members can make decisions on savings proposals that will be required to delivered a balanced budget and set the framework for the setting of the 2025/26 budget to be considered at Cabinet in December 2024 and subsequently approved at Budget Council in early 2025.

2.17 Had there been little or no recognition of ongoing pressures, there is an increased risk that a budget for 2025/26 may not have been considered robust with the resulting implication that it could not be signed off by the S151 officer.

Risk and Uncertainty within the Financial Strategy

2.18 The Government's future spending plans for 2025/26 will not be known until the Autumn of 2024 and those plans may differ from the assumptions made in this strategy. The new Government has indicated it will undertake a spending review in the Spring of 2025 with a view to providing multi year settlements to Council's. Whilst this will not directly influence the 2025/26 budget, the offer of certainty a multi year settlement will bring will aid financial planning beyond 2026.

2.19 There is a risk that the political priorities of the Government continue to direct resources towards the traditionally protected departments of Health, Defence and Education and that unprotected departments face budgets being capped either in cash terms or increases limited to CPI. This Council along with its partners continues to lobby to ensure local government is seen as a priority.

2.20 There remain uncertainties around Business Rates Reform and the Fair Funding Review meaning funding allocations to Councils will continue, at least in the short term to reflect spending needs from 2013/14 and will continue to not take account of how those needs have changed (in relative terms) since that time. Financial modelling indicates that Kirklees could benefit from an additional £18m per annum, although any gains/losses would almost certainly be subject to a cap and collar.

2.21 Pay and inflationary pressures remain a risk over the longer term. Whilst inflation is now nearing the Bank of England target level of 2% which should reduce the impact of the inflation within the sector, the impact of pay awards, national living wage increases and ongoing inflation within those budgets subject to significant demand variations rising beyond the assumed levels in the financial plan will add to the gap.

2.22 There are a number of significant budgets particularly in social care and certain income budgets which are subject to demand and demography changes. Whilst this plan tries to adequately reflect those pressures based on the latest information, there is a risk that these pressures are understated.

2.23 There is a risk that the predicted reductions in interest rates are not realised which increases the cost of the capital plan to levels which are not affordable within the overall funding envelope. This would result in a potential reduction in the total capital plan from the current £1.2bn level.

2.24 Whilst no new burdens responsibilities are assumed in this plan, should any arise it is expected that these will come with the appropriate level of funding.

Update of Medium Term Financial Strategy (Revenue) 2025/2030

2.25 Since the meeting of Council on 6th March 2024 work has continued to update the Council's Medium Term Financial Strategy (MTFS) for the period to 2029/30. A summary of the updated MTFS is provided in the Table 2 below with an analysis by Directorate shown at ***Appendix A***:-

Table 2: Medium Term Financial Strategy 2025/30

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Opening Balance	**-**	**29.3**	**34.7**	**43.5**	**41.6**
Funding & Reserves Changes	**(7.6)**	**(30.6)**	**(12.9)**	**(20.6)**	**(19.6)**
Add back 24/25 savings fall out	2.6	-	-	-	-
Demand pressure	16.5	7.9	7.8	7.8	7.6
Inflation/pay pressure	18.0	15.6	13.2	13.5	13.8
Treasury management pressure	10.9	16.2	2.9	1.9	2.2
Other pressure - expenditure	5.7	(0.7)	2.7	4.8	-
Funding fall-out	2.3	0.9	-	-	-
Other pressure - income	1.6	-	-	-	-
Funding increase	(4.4)	(1.7)	(4.6)	(9.0)	(4.7)
Existing Approved Savings	(16.3)	(2.2)	(0.3)	(0.3)	-
Total Spend Changes	**36.9**	**36.0**	**21.7**	**18.7**	**18.9**
Funding 'Gap'	**29.3**	**34.7**	**43.5**	**41.6**	**40.9**
In Year Funding Gap	**29.3**	**5.4**	**8.8**	**(1.9)**	**(0.7)**

See Appendix A

2.26 As the table indicates, the forecast funding gap for the period to 2029/30 is now estimated to be £40.9m with the most immediate issue being a funding shortfall in 2025/26 of £29.3m.

2.27 To put these variations into context, the net base budget for 2024/25 is £363.4m. For 2025/26 specifically, total available budget is forecast at £371.1m with an initial assessment of spending need identified by Directorates at £400.4m which creates 'the gap' of £29.3m. Further details of the assumptions and main pressures are outlined below.

Specific Funding Assumptions (£7.6m)

2.28 The Council's net revenue budget is primarily determined from the amount of Council tax collected and funding provided from the Government Settlement Funding Assessment (SFA) with adjustments made with either contributions to or from reserves to support the overall total base budget for service provision.

2.29 Given the funding settlement for 2024/25 is for one-year only, and the limited details provided in the Local Government Finance Policy Statement, it remains difficult to estimate with any certainty the likely level of funding the Council will receive onwards.

2.30 In respect of Council Tax and the Adult Social Care precept, this plan assumes an annual increase equivalent to 4.99%. This is based on the increases of core council tax (2.99%) and the social care precept of 2%. A reduction of 1% would result in a reduction in council tax funding of c£2.4m per annum and would have a compounding effect if this was applied in the early years of the plan.

2.31 There is an assumed increase in the Council tax base of 0.7%, equivalent to circa 800 Band D homes per annum.

2.32 The Government SFA, which includes Revenue Support Grant, is assumed to increase by c2% per annum for the duration of the MTFS. Retained Business Rates income and associated grants are uplifted by the same percentage.

2.33 Other un-ringfenced grants, including New Homes Bonus and Services Grant, are assumed to remain relatively stable over the MTFS period.

2.34 It is also assumed that the Social Care grant funding provided to the Council and which are budgeted for in the Directorates, totalling around £69.3m in 2024/25 and including grants such as the Improved Better Care Fund, Social Care Support Grant, Market Sustainability and Improvement Fund will be c£4m higher than the levels currently provided. Further announcements on specific government funding in relation to social care are expected as part of the upcoming budget.

2.35 The 2024/25 base budget is supported by the use of £11.4m of one off reserves which will no longer be available

2.36 The table below summarises the total and assumed variations in funding available to support the budget next year.

2025-26 FUNDING BUILD UP (£000)	COUNCIL TAX INCOME	BUSINESS RATES RETAINED INCOME	GOVERNMENT FUNDING	COLLECTION FUND REPAYMENT	USE OF RESERVES	TOTAL
24-25 FUNDING	(236,391)	(63,169)	(70,684)	3,000	3,795	(363,449)
FUNDING INCREASE	(14,790)	(708)	(1,725)			(17,222)
FUNDING FALL-OUT			135		4,650	4,785
OTHER					4,759	4,759
25-26 FUNDING	(251,181)	(63,877)	(72,274)	3,000	13,204	(371,128)

Executive Director Portfolio Assumptions:

Children & Families

2.37 As part of the MTFS approximately £6m of additional funding is proposed to be invested into Children's Services for 2025/26 (prior to savings targets). A large part of this (£3.9m) is to support demand led sufficiency pressures such as External Residential Placements, Leaving Care Supported Accommodation 18+, Special Guardianship Orders and Educational Psychology. Inflationary pressures are also proposed to be supported at a cost of £1.4m and a further £0.7m is to be invested to support Corporate Parenting pressures.

Adults & Health

2.38 As part of the MTFS approximately £14.2m is added in relation to Adults demand led pressures. Of this, £7.6m is related to demand and £6.6m is inflationary (around CPI and the impact of the National Living Wage). However, as part of last years budget, the Directorate has significant savings targets c£12.7m to deliver in

2025/26 which will need to be reviewed to test whether they can be delivered or whether alternative proposals are required.

Place

2.39 Significant pressures have been identified in the Place Directorate and various measures have been put into action to mitigate these wherever possible. However, there are a still a number of budget pressures that require specific funding by adding to the base budget.

2.40 A total of £3m is proposed to be added to the Waste Management budget for 2025/26 primarily for Persistent Organic Pollutants (POPS) at £0.7m, Landfill tax £0.3m, Chemical treatments costs £0.3m, £0.9m for the extension of the Suez contract and £0.8m to provide the required vehicle hire budget pending the arrival of new fleet vehicles.

2.41 A sum of £0.8m has been added to reflect the costs of maintenance and other costs in the Core Estate, £1.1m for specific operational demand issues across the Directorate including increased budgetary provision for expected increases in costs of Home to School transport and maintenance of fleet vehicles.

Public Health and Corporate Resources

2.42 The council currently has a significant pressure relating to Housing Benefit Subsidy, linked to homelessness activity and the use of bed and breakfast and other forms of temporary accommodation for which Councils are unable to reclaim full subsidy. An amount of £4.6m has been added to bring the base budget up current spending levels. A homelessness board has been established to try and reduce spending pressures (subsidy loss) and it is expected actions agreed by this Board can help reduce this pressure going forward.

2.43 In addition, the Welfare and Exchequer base budget had assumed Household Support Funding would continue, but this is looking less likely adding a further pressure of £0.8m. Other significant base budget pressures include a reduction in court cost fee recovery relating to Council tax and business rates at £0.5m and a fall out of the one-off saving in Public Health of £0.9m.

Other Cost Pressures

Pay Awards

2.44 As the Cabinet may be aware, the pay award for 2024/25 has not yet been agreed and given the position of both the National Employers Organisation and the Trade Unions, it appears it is unlikely to be agreed until later in the year. The current pay offer, a flat rate of £1,290 per FTE, made by the employers is in line with the amount provided for in the 2024/25 budget at c£10m.

2.45 Looking ahead, and with CPI inflation currently at 2.2% (August 2024) and near to Bank of England target levels, the MTFS assumes pay awards of 3% for each of the remaining years of this plan. Each 1% costs broadly £2.5m per annum on the Council's existing payroll costs.

2.46 Budgets for pay awards and inflation continue to be held centrally until they are agreed nationally or are contractually committed.

National Living Wage and Impact on Pay Structure

2.47 In broad terms, the change in the National Living Wage (NLW) impacts the Council in the following ways:-

- the Local Government Employers Organisation, which represents most Local Authorities in pay negotiations with the Trades Unions, is committed to pay staff above the NLW. Given the current NLW is only marginally below the lowest hourly rate paid to Local Government staff, in recent years the increase in the NLW has required increases in the lowest hourly rates that, when applied to the whole pay spine, are not affordable.

  Consequently, in the last 3 years, the National Employers Organisation has offered flat rate pay awards on each point of the Local Government Pay Spine which, whilst progressive, is leading to a flatter pay spine. This is not considered sustainable and may require a complete review of the Pay Spine (akin to a national job evaluation exercise) which could have significant implications for pay costs for all Councils;

- the Council uses the National Living Wage as one of the key components in its determination of the amounts payable for Adult Social Care commissioned services. Given the value of the commissioning arrangements, which is c£104m net annually (c£141m gross), and that wages represent on average c70% of Providers Costs, the change in the National Living Wage has a significant bearing on the cost of these services to the Council. The change in the NLW for 2025/26 will not be known until later in the year but is assumed in the MTFP to increase by c3.9% (mid-point of the potential envelope being considered by the Low Pay Commission).

Treasury Management

2.48 Updated Treasury management budgets assume that the Bank of England base rate of 5.00% (as at 1st August 2024) is estimated to fall towards 3.00% by the end of 2025/26. The updated MTFP reflects an assumed an average consolidated borrowing rate of 4.69% in 2025/26. This is based on the continuation of current borrowing strategy, which combines the use of both short and long term borrowing as set out in the 2024/25 Treasury Management Strategy report so as not to expose the Council to significant changes in interest rates in any given year.

2.49 Treasury management budgets also take account of updated capital plan borrowing requirements and associated annual revenue resources to be set aside to service Council debt. A 20% potential slippage factor (previously 30%) has also been applied to borrowing across all schemes over the updated multi-year capital plan, with the exception of the Cultural Heart scheme which is assumed to be delivered in line with projected timelines. This is considered a reasonable assumption at this stage given the nature and scale of strategic priority investment, and potential range of factors that can cause such programmes/schemes to slip over such a protracted timeline. However, best practice is that Treasury budgets should be based upon the most realistic timeline of capital plans and not simply assume a level of slippage. It is intended that this strategy will be developed over time.

Other Matters which may impact the Strategy

2.50 As well as the range of pressures affecting the Council's financial position overall set out above, there are some specific service related matters that may equally have a bearing on the Council's financial position. These include, but are not limited to, for example:-

- ***Social Care Reforms (including Market Sustainability and the Fair Cost of Care)*** – although the Government has cancelled the implementation of reforms on social care (including the cap on maximum amount a person would spend in their lifetime) there is, nevertheless, a need for the Council to ensure the sustainability of the local care market and to plan for increases in demographics and in complexity of care need. Whilst funding continues to be available from the Government to support Social Care, this may not be sufficient to cover increased demand. Equally, much will depend on the integration of health and social care and what that might deliver in terms of efficient and effective services;

- ***Preparing for Care Quality Commission (CQC) Inspection*** – the Cabinet has received various updates on the CQC's mandate to independently review and assess the quality of care provided by Local Authorities. It is not clear when the Council will be subject to this review, but significant work has been undertaken to be prepared. Again, from the updates provided, the outcome of the review is uncertain and with that the extent of any actions, and therefore resources, that may be necessary in response to the review;

- ***Managing Demand in Children's Social Care*** – the Council has invested in early intervention in Children's Social Care which has meant the numbers of Looked After Children are low in relative terms when compared to other 'like' Councils. However, both the mix of placements and associated costs are creating pressure on the budget which will need to be actively managed to ensure expenditure remains within the resources available. This is particularly the case with the SEND service where there is significant transformation activity being driven by a need to reduce the historic deficit on the High Need DSG budget.

- ***Environment Act 2021*** – The Act has a wide range of changes that will impact on the Council, generally in relation to environmental matters and more specifically as both waste collection and waste disposal authority. This includes, for example: -

    - the collection of glass, metal, plastic, paper/card, film/foil and cartons from households for recycling.

- Councils will be legally required to have separate food waste collections at least once a week for recycling and composting.
- the introduction of a Deposit Return Scheme (where consumers pay a deposit for a single-use container at the point of purchase which is then refunded to the consumer when they return the container for recycling).
- the Extended Producer Responsibility which makes sure producers pay the 'full net cost of recovery' for the packaging that they produce (considered by MHCLG to be a substantial new income source for the Council, although this has yet to be verified)

The implementation of some measures in the Act is due for most authorities in April 2026, however, this Council has an exemption until April 2028 due its specific issues regarding the Waste Management contract. For those with the April 2026 date, capital funding has been provided by Government for new food waste vehicles and receptacles, although revenue funding has yet to be announced. On this basis it is reasonable to assume that New Burdens funding will be provided to meet the requirements of the Act and therefore no provision is included in the Medium Term Financial Plan for the impact of the Environment Act 2021 at this time.

Balances and Reserves

2.51 Any consideration of the Council's Medium Term Financial position needs also to consider what reserves and balances are available and whether they are adequate. The Council holds both "earmarked" and "general/unallocated" reserves. The strategy for the use of these is outlined below; with forecast reserves balances illustrated in Appendix B.

2.52 **Earmarked Reserves** (for discretionary use) will only be used for the purposes for which they have been set aside and will be subject to annual review. The updated MTFS assumes a net transfer of £11.7m into Earmarked Reserves in 2025/26 to support specific spend requirements, including DSG Safety Valve repayments and replenishment of the Service transformation reserves and insurance provisions.

2.53 **General Reserves** are balances held as contingencies against risks such as emergency events. A risk assessment of the Council's level of reserves is carried out each financial year, when setting the budget and updating the financial plan. It is updated regularly during the financial year as part of the formal financial management reporting process. The risk assessment is based on the following key factors and an underlying presumption that significant risks need an appropriate level of cover: -

a) a review of known provisions and contingent liabilities;
b) the likelihood of overspend for either revenue or capital;
c) the likelihood of any additional income that would be credited to reserves;
d) the robustness of the Council's revenue budget proposals;
e) the adequacy of funding for the Capital Programme; and
f) any potential significant expenditure items for which explicit funding has not yet been identified.

2.54 Appendix F provides the risk assessment of the Council's level of general reserves, which estimates the value of the risks at £15.0m. Therefore, a current **Minimum Working Balance** of at least £15.0m needs to be maintained throughout the life of the current MTFP. The **Desirable Balance** calculation is £25m which is the current level of the reserve. As part of the budget setting process the risk assessment on the level of reserves will be refreshed.

2.55 The below table shows the projected level of General/Unallocated Reserve over the duration of the MTFP and reflects an assumption of annual contribution of £1.5m to the reserve. These figures include the Minimum Working Balance as outlined above.

31st March 2024 £m	31st March 2025 £m	31st March 2026 £m	31st March 2027 £m	31st March 2028 £m	31st March 2029 £m	31st March 2030 £m
(25.0)	(25.0)	(26.5)	(28.0)	(29.5)	(31.0)	(32.5)

2.56 The Council will ensure the reserves remain at an adequate level to manage effectively all future risks and liabilities, in particular whilst operating in the current volatile and uncertain environment. .

2.57 The assessment of general and usable reserves is used by MHCLG, CIPFA and the Council's external auditors as a key measure of the Council's ability to deal with pressures that could not be reasonably anticipated when setting the budget

2.58 It is worthwhile reiterating that the reserves are a finite source of funding and should not be relied upon to support the Council's budget other than as part of the clear strategy to achieve a sustainable budget in the medium term. Acknowledging this, the Cabinet should note that any use of reserves will only be permissible with the agreement of the Service Director Finance.

General Fund Revenue Budget - Scenario Planning (Sensitivity Analysis)

2.59 As mentioned above, the MTFS is based on a range of assumptions which impact on both income and expenditure. Changes in these assumptions can have a fundamental effect on the Council's funding gap and the level of savings the Council will be required to make.

2.60 The Cabinet will appreciate that it is good practice to model scenarios based on changes to some of the key assumptions in the MTFS. The purpose of this sensitivity analysis is not to predict or forecast the future, but rather test and understand the Council's sustainability into an uncertain future given alternative plausible scenarios for the key drivers of costs, service demands, funding and key risks to which the Council is exposed. Such 'stress testing' is considered to be good practice and acts as an indicator of the Council's financial sustainability.

2.61 The sensitivity analysis gives some indication of the likely range of the Council's deficit position bounded by realistic worst- and best-case scenarios. The key variables that have been modelled with the results of this analysis at are provided at ***Appendix C*** and summarised in Table 3 below:-

Table 3: Scenario Analysis

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Best Case	26.7	32.0	40.7	38.7	37.9
Base Position (Table 2 above)	**29.3**	**34.7**	**43.5**	**41.6**	**40.9**
Worst Case	36.8	49.2	65.0	70.1	78.8

See Appendix C

2.62 As the table indicates, the range of potential positions is a deficit of c£26.7m to a deficit of £78.8m. These scenarios are provided to reflect the level of potential volatility in the assumptions and reinforces the uncertainty with future budget estimates..

Update of Medium Term Capital Plan 2024/29

2.63 At the last meeting of Cabinet, Members considered an update position on the Councils capital plan. Around £62m of spend has been slipped from 2024/25 into future years. The current budget of £278.7m for 24/25 remains under review. The latest Medium-Term Capital for 2025/26 onwards is summarised in the table below and the funding breakdown is provided in more detail at **Appendix D.**

Table 4: Medium Term Capital Plan 2025/26

	2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m	2028/29 – 31/32 £m	Total £m
Children and Families	19.0		41.0	15.2	4.7	3.0	82.9
Adults, Housing & Health	8.1		3.3	8.2	2.0	0.4	22.0
Regeneration & Growth	191.9		196.5	113.3	80.1	217.1	798.9
Corporate Strategy, Commissioning & Public Health	11.9		13.3	1.1	0.9	3.1	30.3
General Fund	**230.9**		**254.1**	**137.8**	**87.7**	**223.6**	**934.1**
							-
HRA	47.8		53.0	73.7	70.9	110.6	356.0
Council Total	**278.7**		**307.1**	**211.5**	**158.6**	**334.2**	**1290.1**

2.64 Notwithstanding the economic growth aspirations of the Council, there is need for the Council's Capital Programme to remain prudent, affordable and sustainable. This is particularly in the context of the significant pressure on the Council's General Fund Revenue Budget as set out above and as described above, specifically the significant increase in treasury management charges.

2.65 As referred to above a review of the Capital Programme has commenced. Given the extent of borrowing that underpins the Programme, and the current and forecast cost of that debt, the focus of the review is to consider what scope there is to reduce the

Capital Plan for the Council. This is being balanced against the future investment needs of the Council, both in maintaining the delivery of essential services, providing match funding where it is necessary to leverage external funding and to deliver ambitions around growth and regeneration.

2.66 Without pre-empting the outcome of the review, it is inevitable that the projects within the Programme will need to be reduced, deferred or even stopped. Further details of the review and, indeed, the proposed Medium Term Capital Programme for 2025-2032 will be brought forward for consideration by the Cabinet in due course.

Collection Fund

Collection Fund – Council Tax

2.67 The Collection Fund – Council Tax accounts for the income and expenditure associated with the collection of Council Tax. Council Tax receipts from residents are paid into the Fund. Precept payments to the Council, Major Preceptors (Police, Fire) and Parish Councils are paid out of the fund. Any surplus or deficit on the Fund is distributed to the Council and Major Preceptors.

2.68 In relation to Council Tax, it is assumed that the Council Taxbase will grow by 0.8% (c800 Band D Properties) annually over the life of the MTFP. This will be reviewed as more information becomes available around the impact of any changes in Government policy with regard to planning and housebuilding. The ultimate collection rate is assumed to remain constant at 98.5%.

Collection Fund – Business Rates

2.69 The Collection Fund – Business Rates accounts for the income and expenditure associated with the collection of Business Rates. Business Rates receipts from businesses are paid into the Fund. Payments to the Government (50% of net debit collected), the Council (49%) (otherwise known as locally retained rates) and Fire Authority (1%) are made from the Fund. Again, any surplus/deficit on the Fund is distributed to the aforementioned bodies in the proportions set out.

2.70 The Council's share of locally retained Business Rates is supplemented by both a top up payment and section 31 grant payments from Government, with the latter compensating Councils for any loss of income relating to changes that affect retained business rates. This includes the impact of freezing the business rates multipliers (or uplifting them by less than CPI). For the purposes of the MTFP it is assumed that together, the Council's share of locally retained Business Rates plus these grant payments from Government will increase by 2% per annum.

2.71 As Cabinet will be aware, the Council is currently part of the Leeds City Business Rates Pool in 2024/25. That arrangement applies for 1-year only given the Government's tendency to seek applications to renew such agreements as part of the annual Local Government Finance Settlement. The benefit of the Pooling arrangement to the Council is the opportunity to receive a share of the retained levy on business rates growth across all Councils in West Yorkshire (the Council's share is estimated to be £0.4m for 2024/25).

2.72 Whilst no such request for applications to renew the Pooling arrangement for 2025/26 has yet been published, and subject to other Councils in West Yorkshire agreeing, it is assumed for the purposes of the Medium Term Financial Plan that the Pooling arrangement will continue in its present form. As this is the case, and to ensure the Council is in a position to respond accordingly if a request for applications is made, it is recommended that Cabinet given delegated authority to the Chief Executive and Service Director Finance, in consultation with the Leader and the Finance and Regeneration Portfolio Holder to consider options and determine whether (or not) the Council should continue as a member of the Pool in 2025/26.

Dedicated Schools Grants (DSG)

2.73 As Cabinet may be aware, Dedicated Schools Grant is paid to the Council in support of the Local Authority's Schools budgets. It comprises four blocks of funding – the Schools Block, the Central School Services Block, Early Years Block and High Needs Block. It is the responsibility of the Council, in conjunction with their local Schools Forum, to determine the split of funding between their own expenditure and the Individual Schools Budget.

2.74 A more detailed report on Schools Funding arrangements will be presented to the Cabinet once details of the DSG Settlement are known for 2025/26.

2.75 In the meantime, in relation to the High Needs DSG Block and the Council's accumulated funding deficit, the Cabinet is aware from previous reports on this matter that the Council is part of the national Safety Valve Programme with the Department for Education. Under the Agreement with the DfE, which aims to bring back into balance the annual budget for High Needs provision and to reduce the historic deficit to nil, the Council will receive funding of £33.5m. The Safety Valve agreement for Kirklees has been extended from 2026/27 until 2029/30 as a result of increasing pressures relating to demand and complexity. Payments in relation to the agreement have been re-profiled to equal annual payments of £2.3m across 2024/25 – 2029/30 - £19.7m of safety valve funding has been received by 31/03/24.

2.76 The Council's SEND Improvement Plan includes significant capital investment in District SEND placement sufficiency over the next 5 years; including the re-location and placement expansion of two existing special schools (includes £9m Government capital grant contribution and c£28m Council prudential borrowing), alongside Government further capital funding of £8.2m to support Alternative Resource Provision across the District's maintained schools. The Improvement Plan also includes a Council-contribution of £10.8m and annual Council savings against High Needs spend which by year 2029/30 should see the budget in balance. The Improvement Plan resourcing assumptions described here are incorporated into the updated baseline MTFP and funding assumptions in this report as appropriate.

Kirklees Housing Revenue Account (HRA)

Background

2.74 The Council is required to maintain a self-financing Housing Revenue Account (HRA), which is ring-fenced from the Council's other budgets and is a record of all revenue expenditure and income relating to the authority's own housing stock. It is the responsibility of all councils with an HRA to ensure it sets a balanced budget and make provision for adequate resources to invest in council properties. This is to keep tenants safe and ensure that they are living in properties that meet a decent home standard including energy efficiency which will support tenants with the cost of living.

2.75 The Council regularly reviews and updates the HRA business plan with the aim to produce a self-financed and balanced budget position over the 30-year plan that delivers the key objectives. Over the next five years there is a cumulative deficit of £4.7m.

Medium Term Financial plan 2025-2030

SERVICE ACTIVITY	24-25 BUDGET AMENDED £000	25-26 BUDGET PROPOSAL £000	26-27 BUDGET PROPOSAL £000	27-28 BUDGET PROPOSAL £000	28-29 BUDGET PROPOSAL £000	29-30 BUDGET PROPOSAL £000
Total Expenditure	112,332	113,039	113,451	115,014	116,935	119,625
Total Income	(107,837)	(108,321)	(111,605)	(115,134)	(117,825)	(120,515)
Net Operating Expenditure	4,495	4,718	1,846	(120)	(890)	(890)

Key Income Assumptions

2.76 Rental Income - In February 2019 the Government confirmed that a return to a rent formula of CPI+1% for 5 years from 2020/21 and therefore 24/25 was the last year of this agreement. It is worth noting that in 2023/24 Government did intervene and capped rent increases at 7% when inflation was 10.1%.

2.77 It is expected that the Government will announce the continuation of CPI +1% policy for allowable rent increases and as such this plan makes that assumption on rent increases over the period. The total forecast rental income is also adjusted for the impact of decanting tenants from Berry Brow and Sycamore Grange (236 properties totalling £1.02m) and the net difference between forecast Right to Buy (RtB) sales and additional housing stock from buy backs and new build properties in the Housing growth programme.

2.78 Right to Buy Sales - The current plan assumes 200 sales per year for the rest of the plan. RtB discounts remain a considerable incentive for many people when considering when to purchase their Council home, however there has been a slowdown in sales recently which may result in diminishing RtB sales in the future.

2.79 Other Income - The financial plan assumes service charges will rise in line with rental income. A review of service charges is being carried out where the aim is, following consultation to move to a full cost recovery position over a three-year period.

2.80 PFI Grant - This grant remains fixed at £7.9m over the life of the PFI contract.

Key Expenditure Assumptions:

2.81 Pay Award and Price Inflation – A pay award of 3% for the period 2025-26 to 2030/31. Price inflation is generally assumed at CPI levels in the plan.

2.82 Energy Costs - Gas and electricity are forecast based on the latest assumptions from the energy team.

2.83 Repairs - An additional £2.1m has been added to the repairs budget to carry out stock condition surveys and water quality assessments over a three-year period, the repairs budget is assumed to be inflated by CPI and adjusted to reflect the forecast changes in stock numbers.

2.84 Disrepair Provision - Resolving disrepair remains a priority for the service. The financial plan assumes an annual budget of £1m for legal costs including disrepair.

2.85 Provision for Bad Debt - A bad debt provision is provided for based on 90% of former tenant arrears and 20% of current tenant arrears. A budget of £1m is provided to maintain the provision at this level. It is assumed that this level of provision will remain static and will be kept under review.

2.86 Capital Programme - (Annual Investment). The annual capital investment requirement in the HRA is over £50m per annum. The table below outlines the initial capital plan, however, due to limited resources within the HRA, this will need to be reassessed and reprofiled with regard to its affordability.

Capital Plan	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	Total £000
Strategic Priorities Total	**14,152**	**14,059**	**35,225**	**32,299**	**7,471**	**1,292**	**2,204**	**106,702**
Baseline Total	**33,688**	**38,894**	**38,469**	**38,595**	**36,110**	**35,521**	**28,045**	**249,323**
Overall Total	**47,840**	**52,953**	**73,695**	**70,894**	**43,581**	**36,813**	**30,249**	**356,025**
FUNDING SUMMARY								
Borrowing	8,708	9,111	23,990	17,465	3,813	646	1,102	**64,835**
Grants	870	1,509	8,228	5,486	545	226	226	**17,089**
Contributions	322	-	-	-	-	-	-	**322**
Capital Receipts	2,152	1,356	3,233	9,575	3,340	646	1,102	**21,403**
HRA RCCO	11,013	15,702	12,468	12,094	9,109	8,520	1,044	**69,951**
HRA MRR	24,775	25,275	25,775	26,275	26,775	26,775	26,775	**182,425**
Overall Total	**47,840**	**52,953**	**73,695**	**70,894**	**43,581**	**36,813**	**30,249**	**356,025**

2.87 Additional interest on borrowing charges - The plan reflects increased costs associated with servicing the HRA's debt to fund the Council's Housing Growth Programme (CHGP). The table shows the planned spend and the need to borrow circa £41.8m over the next 3 years. Maximum use of RtB receipts (now 50% of any scheme) will be made to minimise the impact of borrowing. The borrowing figures reflect the assumptions used by the Council's Treasury team with regard to the interest rates (less 0.4% for any borrowing undertaken before June 25). Whilst there is a risk that interest rates will be higher than assumed and will add further pressures to the current gap within the HRA, this is considered relatively low at this stage of the economic cycle.

2.88 Recharges to the HRA - Recharges to the HRA relate to services provided from other parts of the Council on behalf of the HRA. These include, for example, back-office services such as HR, Finance, and IT as well as front facing services such as the contact centre, hubs, community safety and environmental services. All these costs are subject to an annual review.

2.89 **HRA General Reserve** -The level of the HRA general reserve is forecast to be £10.5m on 31st March 2025 which is approximately 10% of total spend and averages c£500 per property (Based on 21,729 properties on 31st March 2024). Discussion with a HRA Finance peer group indicate this figure is in line with other Councils. However, a review of the risk based approach to the calculation of the required level of general reserve will be undertaken ahead of the budget proposals in December 2024.

HRA RESERVES	Balance at 31 March 2024	Contributions to reserves	Contributions from reserves	Balance at 31 March 2025
	£'000	£'000	£'000	£'000
Set aside for business risks	(15,000)	-	4,495	(10,505)
Set aside to meet investment needs	(18,942)	(24,775)	35,788	(7,929)
Total	**(33,942)**	**(24,775)**	**40,283**	**(18,434)**

2.90 **Major Repairs Reserve** - The major repairs reserve is estimated to reduce to c£8m by the year end following the impact of significant annual investment in the existing stock (annual spend of over £25m]. To maintain this level of annual investment may require further borrowing which can only be afforded by reducing spending elsewhere within the HRA.

2.91 The strategy to mitigate this cumulative deficit (£4.7m over the next 5 years) on the Housing Revenue Account is in line with the approach being taken for the rest of the Council. Options for balancing will include savings that can be generated from business-as-usual proposals and those that require more specific service reviews to deliver savings.

2.92 All areas of HRA spend and income will be considered when finalising the detail of the 2025/26 budget with appropriate consultation:

- Rental income increases will be adjusted to reflect any changes in CPI, government cap and consultation with Elected Members.
- Service charges will be reviewed with an option to increase these above the current assumptions to get closer to full cost recovery of these costs from the tenants that benefit from the additional services.
- The annual investment programme will be reviewed with options presented to reduce or realign the programme. Should additional funding become available, then this could be used to reduce the HRA revenue contributions.
- Other capital programmes could be delayed or reduced.
- A review of staffing levels and removal of budgeted vacant posts will be considered.

- All expenditure lines, including repairs, will be reviewed to ensure resources are directed into priority areas of the budget.
- A review of HRA earmarked reserves will be completed as a mechanism to help smooth out specific one-off pressures to be paid back later.

3. Implications for the Council

3.1 Working with people

Whilst there are no specific proposals from this report, proposals to bring the budget into balance are considered likely to have some effect upon the workforce and the total number of staff employed by the Council. Each savings proposal brought forward by services will clearly identify if there any staffing implications.

3.2 Working with partners

There are no specific proposals in this report which affect partner organisations. However, savings proposals brough forward by services may impact on these organisations. Where this is relevant, partners will be consulted.

3.3 Place based working

N/A

3.4 Climate Change & Air Quality

N/A

3.5 Improving outcomes for children

N/A

3.6 Financial Implications

The financial implications for the Council are as set out in the report.

The report identifies a significant funding gap in 2025/26 (and over the medium term) that the Council must address. Given it is not prudent to use reserves to help meet the funding gap, the Council must identify ways of reducing its net expenditure either through less spending, more income or a combination of the two to comply with its statutory obligation of setting a robust balanced budget

3.7 Legal Implications

The Council is under a statutory obligation (s31A of the Local Government Finance Act 1992) to set a balanced budget on an annual basis. Considering the financial challenge described in this report, a proposed MTFS is set out which, if implemented, provides a framework for the Council to comply with its statutory obligation in this respect.

The Service Director Finance is required under s25 of the Local Government Act 2003 to provide the Council with a report on the robustness of estimates and adequacy of reserves when considering the Council’s budget for the forthcoming financial year. As is normally the case, that report will be provided alongside the main report on the Budget for 2025/26 as part of the Budget/Council Tax setting for 2025/26.

Once the budget is agreed, s28 of the Local Government Act 2003 requires the Council to monitor its income and expenditure against the agreed budget. This legislation supports the requirement for the Council to monitor performance against budget during the year.

Section 65 Local Government Finance Act 1992 and regulations thereunder require the council to consult non-domestic ratepayers; and the Council's Budget and Policy Framework set out in part 4.3 of the Constitution further requirements about consultation with service users, residents and stakeholders on the budget proposals.

3.8 Other (eg Risk, Integrated Impact Assessment or Human Resources)

The development of the MTFS is set against a backcloth of a range of strategic, tactical and operational risks faced by the Council. The Council has in place good arrangements for both identifying and mitigating those risks. Details of the Council's Strategic Risk Register are reported to Cabinet on an ongoing quarterly basis.

Further work is required to develop and implement proposals that will allow the Council to bring its net expenditure in line with its income. There may be legal implications arising out of these proposals that will, as required, be considered as part of the development and implementation of those proposals. Where it is considered necessary to do within the bounds of the Council's Constitution, details of these legal implications will be shared with Cabinet as required. In particular, the Council has an obligation under s149 of the Equalities Act 2010 to comply with the Public Sector Equality Duty when developing budget proposals. To this end, Integrated Impact Assessments will be produced as required to ensure decision makers have due regard to the Council's equality duty.

3.9 Consultation

This report has been prepared by the Service Director - Finance, in consultation with the Executive Leadership Team.

4. Engagement

The Council's overall financial planning framework includes consideration of wider engagement, consultation and timetabling on residents and other stakeholder views on high level priorities in resource allocation, including consultation with representatives of non-domestic ratepayers.

In addition, there may be a requirement for more detailed service consultations, led by the relevant services, on specific service budget proposals. These will engage service users as early as possible and target the groups most likely to be affected

It is good practice for Councils to consult on proposals that may affect the delivery of services including those related to budget savings and/or income generation. Indeed, the Value for Money Assessment undertaken by the External Auditors specifically questions whether the Council has asked '*Are stakeholders consulted during the development of savings plans? Depending on the nature of the savings plans, stakeholders could include staff, local residents, service users, the voluntary sector and local businesses'*.

Further to that, the Budget and Policy Framework at Section 3 of the Council's Constitution does provide for the Cabinet to set out its arrangements for consultation of budget proposals and that at the end of any such consultation, the Cabinet will draw up proposals having regard to consultation responses.

In compliance with this requirement, and subject to budget proposals coming forward, it is proposed that, as in previous years, some form of public consultation on the budget proposals should take place later in 2024 with a view to informing decisions on the Council's budget for 2025/26. The form and content of such a consultation will be determined in due course.

5. Options

5.1 Options Considered

N/A

5.2 Reasons for Recommended Option

N/A

6. Next Steps and timelines

6.1 Subject to the Cabinet agreeing the MTFS as set out above, work will be undertaken on the identification and development of draft budget proposals and options (with supporting documentation) within the framework set out. Budget Planning Totals for Directorates have been developed to facilitate this work.

6.2 Where existing delegations set out in the Council's Constitution allow, and in consultation with relevant Cabinet Members as appropriate, early action will be taken to implement proposals to reduce the funding gap identified in this report. Where this is not possible, proposals will be developed in consultation with relevant Cabinet Members and will be brought forward for consideration by Cabinet and, where it is necessary to do so, ultimately by Council as set out in the Constitution.

6.3 The culmination of this work on the development of proposals will be that Cabinet will bring forward its initial budget proposals in December 2024 for consideration. The final budget for 2025/26 will be at Budget Council in February/March 2025.

7. Contact Officer and Relevant Papers

Kevin Mulvaney	Service Director – Finance
Jacqui Fieldhouse	Head of Finance
John Bartlett	Acting Head of Commercial Services
James Anderson	Head of Accountancy

8. Background Papers and History of Decisions

Annual Financial Outturn Report and Rollover Report 2023/24 (Item 12)
Annual Budget Report 2024/25 and future years (Item 7)
Quarter 1 Budget Monitoring Report 2024/25 (Item 9)

9. Appendices

Appendix A – Updated Medium Term Financial Plan 2025/30
Appendix B – Balances and Reserves 2025/30
Appendix C – Best/West Case Scenario Analysis
Appendix D – Capital Programme to 2031/32
Appendix E – Outline Corporate Budget Timetable
Appendix F – Minimum Working Balance

10. Service Director Responsible

Kevin Mulvaney Service Director – Finance