

Council Budget Strategy Update: 2025/26 and future years (Reference from Cabinet)

Meeting:	Council (Referred from Cabinet 10/9/24)
Date:	18th September 2024
Cabinet Member (if applicable)	Cllr Graham Turner
Key Decision Eligible for Call In	Yes Yes
<p>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 Council each year and sets a framework for the development of draft spending plans for future years by Officers and Cabinet.</p>	
<p>Recommendations of Cabinet</p> <ul style="list-style-type: none"> • 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 identify 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 Strategic Director & 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?

Samantha Lawton – 2 September 2024

Electoral wards affected: All

Ward councillors consulted: All

Public or private: Public

Has GDPR been considered? Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Executive Summary

The appended report was submitted to the meeting of Cabinet on 2 September 2024 for consideration, and for Cabinet to make a recommendation to Council.

2. Information required to take a decision

(see appended report)

3. Implications for the Council

(see appended report)

4 Engagement

(see appended report)

5 Options

(see appended report)

5.1 Options considered

(see appended report)

5.2 Reasons for recommended option

(see appended report)

6 Next steps and timelines

6.1 Subject to approval, 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.

Subject to Member approval, capital slippage proposals and the update of the multi-year capital plan will be incorporated into in year financial monitoring in 2024/25 and reported quarterly to Cabinet from Quarter 1 onwards.

7 Contact officer

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

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

See appended report

10 Service Director responsible

Kevin Mulvaney, Service Director – Finance.