

## APPENDIX 3

**RESOURCES ALLOCATION –  
GENERAL FUND REVENUE BUDGET 2024/25**1. Summary of Proposals

The Overview and Scrutiny Committee has considered the revised budgets for 2023/24 and the base budgets for 2024/25 for each corporate priority and the support services areas. Any changes arising from this process are set out below along with a summary of the proposed General Fund budget for 2024/25.

2. Key Assumptions and Other Changes

During the consideration of the revised estimates for 2023/24 and the base budgets for 2024/25 by the Overview and Scrutiny Committee, there has been a continuing focus on delivering the Council's vision in the current and in the new revised Corporate Plans.

The outcome of the latest budget consultation exercise that took place during October/November 2023 was noted by Cabinet on 9 January 2024. The web-based survey, which was publicised through social media, generated 1,393 responses which was higher than previous years. The Council has responded to its residents with the following proposals being included in budgets:

- Greater investment in climate change and environmental services with the Council's successful Climate Change and Green Futures Delivery Programme, including the procurement of electric vehicles, conversion of the fleet to HVO biofuel, decarbonisation plans, housing energy efficiency measures and continued investment in parks, open spaces, play areas and waste and recycling services.
- Large investment in Economic Development and Business Growth is also important for local residents and the budgets includes the successful Stapleford Towns Fund (£21m total investment plan), Kimberley Means Business Levelling-Up Fund (totalling £16m) and allocations from the UK Shared Prosperity Fund (totalling £3m). There is also the regeneration projects associated with Beeston town centre with the Beeston Square development generating additional rental income streams.
- There continues to be a large investment in the existing Council Housing stock (considered within the HRA at appendix 2) covering compliance, meeting decent homes standards and social housing decarbonisation. The Council has also developed a significant Housing Delivery Plan, with a pipeline of new homes both through acquisitions and the new house building programme, which will lever in grant funding from Homes England bids in addition to investing the Council's own resources.

- Continued support of the community and voluntary sector, including the Citizens Advice Broxtowe.

The base budgets for 2024/25 include estimates for inflation on certain headings such as utilities, fuel and energy costs and other contractual commitments. The pay budget includes an increase in Pension Fund primary contributions, contractual increments and job evaluation regrades, market supplements for posts that have been difficult to recruit and an estimated 4% pay award for 2024/25.

Under the Prudential Framework for Capital Finance, prudential borrowing has to be considered in overall terms and taking account of the effect on revenue budgets and general affordability in the short and medium term. Appendix 5 to this report proposes additional prudential borrowing of £10.387m in 2024/25 in relation to the HRA capital programme and borrowing of £2.455m in relation to the General Fund. Based on external borrowing rates, an estimate for additional borrowing costs has been included in the base budget for 2024/25.

It is prudent to provide a sum of money within the budget to cover unforeseen items of expenditure which may arise during the year. As in previous years, a General Fund Contingency has been established for 2024/25 and increased to £50,000; the first increase for many years (£25,000 in 2023/24).

All known revenue developments have been incorporated into base budgets. No further revenue developments are expected but other items may be brought forward to Cabinet during the course of the year as and when need arises.

Any proposed staffing changes in 2024/25, above delegated limits, will be reported to Cabinet for consideration and, if approved, incorporated within the revised estimates for 2024/25.

Non-domestic rates income is primarily based on a calculation taking into account the local non-domestic rates tax base and the Government's calculations of each local authority's spending requirements. For budgeting purposes the Council completes an assessment at the beginning of each year and uses this to determine the amount of rates to be collected (the 'NNDR1'). The budget is then set on the basis of this assessment.

For 2024/25 the Business Rates income budget based on the NNDR1 for the year has been set at £3.793m, which includes estimates for losses on appeals and the recovery of deficits arising from prior year transactions on the Collection Fund. Any difference between budgeted income and actual income receivable will be recovered in the following year. Non-domestic rates income is also affected by Section 31 grants received from central government (estimated at £3.068m after tariff adjustment) and by payments to or receipts from the Nottinghamshire Business Rates Pool.

The provisional Local Government Finance Settlement for 2024/25 was announced by the Secretary of State for Department for Levelling Up, Housing and Communities (DLUHC) on 18 December 2023. This included details of the

Council's Settlement Funding Assessment (SFA) for 2024/25 and the Central Government grant funding to be received as part of the settlement.

Grant funding includes £128,529 Revenue Support Grant (£120,545 in 2023/24) and Services Grant of £18,439 (£117,186 in 2023/24). Whilst the methodology for the Services Grant distribution remains unchanged through the SFA formula, the grant has been reduced significantly after factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept.

The settlement also included details of the New Homes Bonus (NHB) allocations. The overall 2024/25 allocation for NHB remains unchanged with the scheme now being a single year retrospective allocation which does not include any prior year legacy payments. The provisional NHB allocation to Broxtowe for 2024/25 is £255,132, an increase from £131,500 in 2023/24 but still lower than the £351,950 received in 2022/23.

The Funding Guarantee grant is intended to provide a funding floor for all local authorities, so that no council would see an increase in Core Spending Power (CSP) that is lower than 3% (before assumptions on council tax increases). The provisional allocation to Broxtowe in 2024/25 is £366,604 which is only marginally higher than the £362,495 grant received in 2023/24 given the gains in NHB above.

As set out in section 3 below, the recommendations are based upon withdrawing £1,483,832 from the General Fund Reserve in 2023/24 (net total of £522,581 including earmarked reserves) and withdrawing £820,670 from General Fund Reserves in 2024/25 (net £2,070,092 including earmarked reserves).

The General Fund Reserve is therefore expected from £6.387m at 1 April 2023 to £4.903m at 31 March 2024. A further withdrawal from balances in 2024/25 will see the projected General Fund Reserve at 31 March 2025 to be £4.082m.

### 3. Collection Fund Income

Income received from Council Tax and Business Rates goes into the Collection Fund. This will then have implications for the General Fund but the exact timing is dependent upon the Collection Fund accounting regulations. In order to support the economic recovery from the Covid-19 pandemic and the rising cost of living, the government has continued with a number of initiatives that will directly support businesses in the area. Further details are set out below:

#### (i) Expanded Retail Discount and Nursery Relief

The Government announced an extension to the retail, hospitality and leisure relief that eligible businesses receive towards their Business Rates bills would be expanded and cover 2024/25. This relief equates to 75% of their annual Business Rates charge.

This reduces the Net Rates Receivable from these businesses. In order that local authorities should not lose out financially as a result of these schemes, the government will provide compensation through Section 31 grants. However, these grants must, in accordance with the regulations, be paid into the General Fund as opposed to the Collection Fund.

(ii) Collection Fund Surplus/Deficits

One of the key features of the Collection Fund accounting arrangement is that an attempt to recover a projected deficit on either Council Tax and Business Rates in a particular year needs to be made when setting the budget for the following year. Conversely, a Collection Fund in surplus is redistributed accordingly to the respective preceptors in the following year.

In order to address any significant timing issues, Collection Fund Equalisation Reserves for both Council Tax and Business Rates were established around the time of the Covid-19 pandemic, to meet the cost of any anticipated deficits and to ensure that the impact of any issues do not unnecessarily distort the position on the General Fund Reserve.

A further note on the utilisation of the NNDR Collection Fund Equalisation Reserve in 2023/24 and 2024/25 is considered further below.

(iii) Nottinghamshire Business Rates Pool

There are positive benefits of the Council being a collective part of the Nottinghamshire Business Rates Pool. Broxtowe are committed to remaining within the Pool, along with the County Council and the other Nottinghamshire districts. Having declared this commitment, the Secretary of State has retained the Nottinghamshire Business Rates Pool for 2024/25.

4. General Fund Revenue Budget

The table below shows the 2023/24 revised budget for each corporate priority along with the base budget figures for 2024/25. It also shows the impact that this would have upon the Council's available balances.

	Revised Estimate 2023/24 £	Base Budget 2024/25 £
<b><u>Corporate Priority</u></b>		
Business Growth	1,440,750	1,266,890
Community Safety	1,717,950	1,637,680
Environment and Climate Change	5,925,480	6,440,060
Housing – General Fund	661,500	654,980
Leisure and Health	1,369,600	1,202,610
Resources	3,759,410	3,400,470
<b>Sub-Total</b>	<b>14,874,690</b>	<b>14,602,690</b>
Add: Beeston Special Expenses	25,300	25,600
<b>Total Net Expenditure</b>	<b>14,899,990</b>	<b>14,628,290</b>
<b><u>Funding</u></b>		
Revenue Support Grant	(120,545)	(128,529)
Services Grant	(117,186)	(18,439)
New Homes Bonus	(131,500)	(255,132)
Core Spending Power Funding Guarantee	(362,495)	(366,604)
NNDR (Business Rates after Tariff)	(3,796,308)	(3,793,060)
NNDR (Surplus)/Deficit (See Note) *	-	(19,733)
Estimated Levy Payment to Pool	1,302,963	1,310,974
Estimated S31 Grant (per NNDR1)	(2,814,768)	(3,068,266)
Estimated Returned Funding from Pool	(800,000)	(800,000)
Council Tax	(6,346,950)	(6,601,729)
Council Tax (Surplus)/Deficit	48,492	(5,892)
Precept – Beeston Special Expenses	(25,300)	(25,600)
<b>Total Funding</b>	<b>(13,163,597)</b>	<b>(13,772,010)</b>
Allocation to/from Earmarked Reserves (below)	(252,561)	(35,610)
<b>Withdrawal from General Fund balances</b>	<b>1,483,832</b>	<b>820,670</b>

\*Note - NNDR Collection Fund Surplus/Deficit (Broxtowe Share)

The original budget for 2023/34 relating to the previous year's Business Rates Collection Fund surplus/deficit estimate was recorded as nil. As such, the projected £1.214m surplus on the Council's element of the Business Rates Collection Fund (NNDR1 Part 4 from January 2023) was not immediately brought into the General Fund budget. The reasoning was linked to the considerable volatility risk within retained Business Rates and a further timing risk on the General Fund budget due to the timing risk created by collection fund accounting arrangements.

The actual Business Rates Collection Fund surplus as at 31 March 2023 was £668,140 (NNDR3). This effectively resulted in a £545,672 deficit on the Collection Fund to be recovered from the General Fund in 2024/25.

As such, it is proposed that £1.214m that was due to be brought into General Fund balances in 2023/24 will instead be moved into Earmarked Reserves (NNDR Equalisation Reserve) to meet the identified Collection Fund 2023/24 deficit of £1.194m (increased further due to the impact of rating appeals) that would ordinarily be recoverable from the 2024/25 General Fund budget.

	NDR/CF £'000
Projected NNDR Collection Fund Surplus 2022/23 (NNDR1 Part 4 – January 2023)	(1,214)
Less: Actual NNDR Collection Fund Surplus 2022/23 (NNDR3 Part 5 – May 2023)	(668)
Equals: Prior year NNDR Collection Fund Deficit to be recovered from General Fund in 2024/25	(546)
Add: Projected in-year NNDR Collection Fund Deficit 2023/24 (NNDR1 Part 4 – January 2024)	(648)
<b>Total: Forecast NNDR Deficit 2023/24 to be recovered from General Fund budget in 2024/25</b>	<b>(1,194)</b>

<b><u>Business Rates Surplus/Deficit</u></b>	Revised Estimate 2023/24 £	Base Budget 2024/25 £
Broxtowe Share of Forecast NNDR Collection Fund (Surplus)/Deficit (NNDR1 Part 4)	(1,213,812)	1,194,079
Allocation to/(from) Earmarked Reserves (NNDR Equalisation Reserve)	1,213,812	(1,213,812)
<b>(Surplus)/Deficit Recognised in General Fund</b>	<b>-</b>	<b>(19,733)</b>

The budget increase for total net expenditure in 2023/24 between the original budget and revised estimate is a consequence of the following items:

<b>Revenue Budget 2023/24</b>	<b>£'000</b>
<b>Opening estimated withdrawal from balances in 2023/24</b>	<b>938</b>
Add: General Fund Revenue items carried forward from 2022/23 approved by Cabinet on 4 July 2023	97
Add: Budget amendments approved by Cabinet on 8 December 2022 (Local Area Energy Plan – Contribution of Commissioning Work £75k and Technical Advisor £7k; Employee Hardship Grant Scheme £5k; Legal Services Establishment Review £4k)	91
Add: Budget amendments approved by Cabinet on 20 December 2022 (Environmental Health Restructure)	32
Add: Budget amendments approved by Cabinet on 17 January 2023 (Climate Change Officer - Environmental Services)	49
Add: Budget amendments approved by Cabinet on 7 February 2023 (Bramcote Leisure Centre Due Diligence Assurance £25k; less Residents Newsletter Hybrid Solution £18k)	7
Add: Budget amendments approved by Cabinet on 14 March 2023 (Park Attendants Security £30k; Modern Slavery Exploitation Team £13k; Strategic Leisure Facilities Consultancy £25k)	68
Add: Budget amendments approved by Cabinet on 7 June 2023 (Community Infrastructure Levy)	20
Add: Budget amendments approved by Cabinet on 4 July 2023 (Regenerating Beeston Architects Fees Feasibility Study £20k; Climate Change Communication Budget £10k)	30
Add: Budget amendments approved by Cabinet on 25 July 2023 (Leisure Centre Replacement Project Costs [planning fees, associated survey costs and project management costs])	40
Add: Budget amendments approved by Cabinet on 3 October 2023 (Durban House Maintenance Works £7k; Bramcote Leisure Centre Maintenance Works £5k)	12
Add: Budget amendments approved by Cabinet on 7 November 2023 (Decarbonisation Plans for Council Offices, Depot and Crematorium £9k; Consultancy Scope 3 Emissions £25k; Consultancy on housing decarbonisation and inform the approach towards meeting 2050 net-zero carbon emissions targets £42k)	75
Add: Net other budget changes	25
<b>Current estimated withdrawal from balances in 2022/23</b>	<b>1,484</b>

The decrease for total net expenditure for the 2024/25 base budget compared with the 2023/24 revised estimate is primarily a consequence of the following items:

<b>Revenue Budget 2024/25</b>	<b>£'000</b>
Employee Related Expenses – A net increase in pay related costs including the following: <ul style="list-style-type: none"> <li>• The impact of pay awards for 2023/24 (fixed uplift of £1,925 across all pay points, averaging 6.8%) and 2024/25 currently estimated at 4%;</li> <li>• An increase of 1% in Pension Fund primary contributions to 19.0%, partially offset by a reduction in secondary back-funding contributions.</li> <li>• The full-year effect of any agreed market supplements (where necessary to recruit and retain key staff), job evaluation grade changes, minor structural changes and other due increments within pay scales.</li> <li>• A £100k increase in the Employee Savings Target to £600k as identified in the Business Strategy.</li> </ul>	1,127
A net increase in Premises Related Expenses and Transport costs due to the impact of inflation with higher prices for fuel and energy, materials and external contractor fees.	152
Net reduction in Leisure Management Fee	(150)
Reduction in minimum revenue provision (MRP)	(72)
Removal of 2022/23 Budgets Carried Forward to 2023/24	(97)
Other net changes in expenditure and income across the various budget across the General Fund.	(221)
Increase in Planning Fee Income	(78)
Increase in Garden Waste Income	(113)
Increase in Glass Waste Recycling Credits	(100)
Increase in Car Parking Fees and Charges	(270)
Increase in Beeston Square Phase 2 Income	(100)
Increase in Investment Income	(115)
Increase in the value of employee costs to be recharged to the Capital Programme (i.e. capital salaries), particularly within the Economic Development and Capital Works teams.	(235)
<b>Total Decrease in Net Expenditure</b>	<b>(272)</b>



The increase in funding of £608k from the 2023/24 revised estimate to the base budget 2024/25 figure is mainly due to the following:

<b>Financing 2023/24 to 2024/25</b>	<b>£'000</b>
Increase in Revenue Support Grant	(8)
Reduction in Services Grant	99
Increase in New Homes Bonus	(124)
Increase in CSP Funding Guarantee Grant	(4)
Net increase in Business Rates including return funding from Pool	(262)
Increase in Council Tax Income	(255)
Increase in Council Tax Collection Fund Surplus	(54)
<b>Total Increase</b>	<b>(608)</b>

The anticipated withdrawals from balances in 2023/24 and 2024/25 shown above would affect the Council's reserves as follows:

<b>Change in Balances 2023/24</b>	<b>Actual Balance at 1 April 2023 £</b>	<b>Projected Withdrawal / (Addition) £</b>	<b>Estimated Balance at 31 March 2024 £</b>
General Fund Reserve	(6,386,656)	1,483,832	(4,902,824)
Elections Reserve	(230,920)	181,000	(49,920)
Homelessness Grant Reserve	(180,164)	-	(180,164)
Planning Reserve	(31,071)	-	(31,071)
Noise Monitoring Equipment Res	(15,000)	-	(15,000)
Stapleford Town Fund Reserve	(664,050)	71,561	(592,489)
Shared Prosperity Fund Reserve	(174,463)	-	(174,463)
Charity Accounts	(11,733)	-	(11,733)
Council Tax Equalisation Reserve	(65,610)	-	(65,610)
NNDR Equalisation Reserve	-	(1,213,812)	(1,213,812)
<b>Total Balances</b>	<b>(7,759,667)</b>	<b>522,581</b>	<b>(7,237,086)</b>

The reserves relating to Stapleford Town Fund and Shared Prosperity Fund will be utilised accordingly in 2023/24 and 2024/25 to be matched against approved revenue spend.

<b>Change in Balances 2024/25</b>	<b>Estimated Balance at 1 April 2024 £</b>	<b>Projected Withdrawal / (Addition) £</b>	<b>Estimated Balance at 31 March 2025 £</b>
General Fund Reserve	(4,902,824)	820,670	(4,082,154)
Elections Reserve	(49,920)	(30,000)	(79,920)
Homelessness Grant Reserve	(180,164)	-	(180,164)
Planning Reserve	(31,071)	-	(31,071)
Noise Monitoring Equipment Res	(15,000)	-	(15,000)
Stapleford Town Fund Reserve	(592,489)	-	(592,489)
Shared Prosperity Fund	(174,463)	-	(174,463)
Charity Accounts	(11,733)	-	(11,733)
Council Tax Equalisation Reserve	(65,610)	65,610	-
NNDR Equalisation Reserve	(1,213,812)	1,213,812	-
<b>Total Balances</b>	<b>(7,237,086)</b>	<b>2,070,092</b>	<b>(5,166,994)</b>

The recommendations are based on withdrawing £820,670 from the General Fund Reserve in 2024/25; withdrawing £65,610 from the Council Tax Equalisation Reserve; withdrawing £1,213,812 from the NNDR Earmarked Reserve as noted further above; and adding £30,000 to the Elections Earmarked Reserve to meet the cost of future Borough Council elections.

No legislative restriction applies as to how the Council's reserves may be used.

The minimum acceptable total of General Fund Reserves to meet revenue expenditure and capital financing commitments is considered to be £1.5 million.

#### 5. Business Strategy and Budget Savings

A range of potential efficiencies and additional income has been identified and included in the Business Strategy agreed by Cabinet on 7 November 2023 at <https://democracy.broxtowe.gov.uk/documents/s28302/8.%20MTFS%20and%200Business%20Strategy%20-%20Oct%202023.pdf>.

Savings and additional income totalling £1.2m have been built into the 2024/25 base budget, as follows:

<b>Proposal and Business Impact</b>	<b>Financial Impact on Budgets</b>
Growth in Business Rates – A reasonable target based on the information available to date, although income growth is impacted by the pace of the economic growth.	£100k additional funding from Business Rates included in budget

Proposal and Business Impact	Financial Impact on Budgets
Council Tax increase – A change to the government’s referendum limits provides the ability to increase Council Tax by up to 3%, compared to the current MTFS which included a 2% rise for 2023/24.	£60k additional funding income over MTFS assumptions included in budget
Staffing efficiencies in leveraging new technology, taking advantage of vacancies to restructure to save money, manage vacancies and reduce administration.	£100k increase in the Employee Savings Target included
Garden Waste income with expected volumes of service users and a nominal increase in the subscription price of £5 in 2024/25.	£113k additional income included in budget
Glass Waste Recycling credits with increased income following uplift in prices for glass.	£100k additional income included in budget
Trade Waste income with potential growth in the number of service users and prices for 2024/25.	£10k additional income included in budget
Leasing of Council Offices rental income with lease of refurbished office space to public, voluntary or private sector organisations, taking advantage of businesses re-locating out of other nearby office buildings.	£10k additional income included in budget
Beeston Phase 2 development income to include new operators and a full review of the rental budget.	£100k additional income included in budget
Car Parking charges including abolishing the free hour. Link to reduced carbon emissions, improved air quality and providing resources for investment.	£270k additional income included in budget
Planning Income expected to increase with new planning fee structure (dependent on speed of development), which includes increasing fees between 25% and 35% (the latter for major applications) and then linking fees to inflation (CPI) going forward.	£78k additional income included in budget
Housing Lifeline Income – Slight increase in sales volume from the additional marketing of the scheme.	£5k additional income included in budget
Homelessness – Effective management with the aim of reducing the use of bed and breakfast accommodation to generate a saving on the current base budgets.	£65k savings target
Reshaping the Leisure offer following the outcome of strategic reviews of leisure facilities and efficiency reviews of leisure services.	£150k reduction in the Management Fee included in budget

Proposal and Business Impact	Financial Impact on Budgets
ICT Broadband savings following contract re-negotiation.	£30,000 saving target
Additional Voluntary Contributions (Pension) with resulting savings on National Insurance employer contributions.	£5,000 saving
Council Tax Single Persons Discount reduced following completion of a countywide review in 2023.	£7,000 additional Council Tax income

It is proposed to set an employee savings target of £600,000 in 2024/25 to be met from vacancies, flexible retirements and redundancies. The Business Strategy included a proposal to increase this target in view of the inflationary increases in the overall salaries budget. The target is around 4% of the total pay budget. Any further approvals by Cabinet of voluntary redundancy/flexible retirement requests will help to achieve this saving.

The budgets have been prepared with the best information available at the time of production. It is fair and reasonable to highlight potential developments, not sufficiently certain at present to include in the estimates, but matters which may reduce the proposed draw on the Council's General Fund Reserve in both 2023/24 and 2024/25.

Furthermore, there is no historical evidence of the Council overspending against its service budgets, with recent year-end balances typically providing an underspend which can then be returned to general balances.

Given the ongoing financial impact of developing economic circumstances and the medium term financial position, a further refresh of the Business Strategy will be required in the Summer 2024 to identify other potential efficiencies. This work will be led by the General Management Team and an updated Business Strategy will be presented to Cabinet in October 2024 for approval.

#### 6. Beeston Special Expenses

Beeston and its surrounding area is a special expense area purely in relation to the cost of maintaining allotments. It is anticipated that, assuming no unforeseen and significant events occur, then sufficient monies will remain on the account such that a precept of £25,600 per annum should be capable of being maintained for 2024/25.

In the Beeston Special Expenses Area, it is proposed to maintain the precept at £25,600 and hence the Council Tax charge. In reality this would mean that, within the Beeston Special Expenses Area, the combined effect of the two Council Tax elements would produce an increase of 2.94% per band D dwelling as per the other parts of the Borough.

## 7. Council Tax

The Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012, provide that any shire district or borough council proposing an increase of 2% (or more than 2%) and more than £5 their Council Tax will need to provide the opportunity for local people to approve or veto the increase in a referendum.

The Policy Statement accompanying the 2024/25 provisional local government finance settlement announcement, confirms that for Council Tax, shire district councils will have a referendum principle of 3% or £5, whichever is higher.

The Leader of the Council and the Deputy Leader and Portfolio Holder for Resources and Personnel Policy have been consulted, and it is proposed that the basic Council Tax amount for a band D equivalent property be increased by 2.94% from £182.06 in 2023/24 to £187.42 in 2024/25.

The authority's share of the estimated surplus on the Council Tax element of the Collection Fund at 31 March 2024 is £5,892. After taking this into account, and the increase in the Council Tax Base for 2024/25 as approved by Cabinet on 5 December 2023, then a 2.94% increase in the basic Council Tax (for a Band D property) amount equates to a Council Tax requirement (excluding the special expenses area) of £6,601,729 in 2024/25 and would require an overall withdrawal from General Fund Reserves of £820,670 (a net total of £2,070,092 including the contributions from Earmarked Reserves).