

Report of the Deputy Chief Executive

Early Budget Setting Review 2025/26 including Fees And Charges

1. Purpose of Report

To provide this Committee with an early opportunity to scrutinise and input into the Council's annual budget setting process, in particular with regards to the Business Strategy and the approach to the setting of fees and charges for 2025/26.

2. Recommendation

The Committee is asked to consider the report and RECOMMEND accordingly into the budget and fees and charges setting process for 2025/26.

3. Detail

This Committee will receive the proposed Business Plans 2025/26 to 2027/28 for each corporate priority on 20 and 21 January 2025. As part of this report, Members will also consider proposals for revenue and capital budgets and fees and charges, with a view to recommending these onto Cabinet and then full Council to approve the Council's overall budget for 2025/26.

This early report provides this Committee with an opportunity to scrutinise and input into the budget setting process at an earlier stage, in particular to scrutinise the approach to setting of fees and charges.

Overall Budget Context

As reported to Cabinet on 23 July 2024, there was an underspend of £1.826m on the General Fund revenue budget in 2023/24 resulting in a General Fund balance of £6.060m as at 31 March 2024. The net budget variation was predominantly due to a variety of underspends, additional income, budget carry forwards, changes in provisions, government grants and effective financial management across the Council.

There are a number of significant issues concerning local government finance that will have a major impact upon the financial position of this Council. These include the prevailing economy; the financial impact of inflation on pay and prices; uncertainty on the outcome of financial settlements from central government; and the delayed Fair Funding Review that intends to review the level of Business Rates retention.

There are two significant budget pressures that continue to impact on the Council's budgets, namely the level of pay awards and inflationary pressures on the cost of energy, fuel, construction and property services.

Medium Term Financial Strategy and Business Strategy

A Medium Term Financial Strategy (MTFS) is produced as the Council's key financial planning document. The updated MTFS recently presented to Cabinet was prepared using the latest information and assumptions and projected a budget gap of £1.844m for 2025/26. This prudent forecast was made using cautious assumptions on central government funding, with details of the funding settlement not being anticipated until shortly before Christmas.

In order to mitigate against risks presented by the financial challenges facing the Council, a Business Strategy is maintained which sets out initiatives that will be pursued to reduce costs, generate additional income and/or improve services. The latest Business Strategy approved by Cabinet on 5 November 2024 identified £950k of efficiency savings and additional income for 2025/26.

A copy of the MTFS and Business Strategy is included at **Appendix 1**.

Fees and Charges

It is anticipated that further savings can be achieved through the detailed budget setting process. This is well underway with the Finance Services team working closely with budget managers in all services across the Council's operations.

A key part of the process is the setting of proposed fees and charges for the new financial year. This provides the Council with a real opportunity to maximise its revenue generating potential whilst meeting the impact of rising costs. Management reviews of service fees and charges schedules are being considered, with the underlying need to maximise potential revenue generation opportunities. The approach in setting fees and charges has been to:

- Recognise where standard and mandatory charges are fixed centrally
- Consider an uplift in prices of at least 5%, where possible
- Undertake benchmarking to understand local market conditions and identify opportunities to maximise potential revenues
- Understand the cost base of services to ensure a full cost recovery where appropriate.

The proposed fees and charges lists for 2025/26 are not yet available for consideration by Members. These will be presented to this Committee for recommendation onto Cabinet on 20 and 21 January 2025. A list of the 2024/25 fees and charges, as previously recommended by this Committee in January 2024, are provided in **Appendix 2** for reference.

In the meantime, some key lines of scrutiny for this Committee to consider at this stage could include the vital income generated from garden waste and trade waste subscriptions, recycling, rental from commercial and industrial units, enforcement income, leisure fees, car parking and planning fees.

Members could also consider if there are any new potential income generating opportunities for the Council.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

The financial implications are included in the report narrative and appendices.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications that arise from this report.

6. Human Resources Implications

Not applicable.

7. Union Comments

Not applicable.

8. Climate Change Implications

The Council's response to Climate Change is a key consideration as part of the budget setting process.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil.