

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 18 AUGUST 2023

Present: Cllrs: S Atkinson (Chair), S Fletcher, S Hore, L Jameson, G McCrum

Officers: Director of Resources, Director of Economic Development and Planning, Director of Community Services, Head of Financial Services.

1 Apologies

1.1 Cllr S Hirst, Cllr J Rogerson and the Chief Executive

2 Minutes of meeting held on 19 July 2023

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Overall Revenue Outturn 2022/23

3.1 Members were taken through the overall revenue outturn for the council, covering all committees. Full details of individual variances at year end were being reported to service committees in the coming round of meetings.

3.2 The report gave detailed information covering General Fund outturn, Impact on General Fund balances and Earmarked Reserves, Business Rates and the Collection Fund.

3.3 The final position showed a deficit of £242k during the year, compared with the Revised Estimate which showed a deficit of £537k and the Original Estimate which had predicted a deficit of £412k.

3.4 The impact of the movements on earmarked reserves was detailed and shown against the outturn position.

3.5 General Fund balances stood at £2.719m after taking the deficit for the year of £242k

3.6 Earmarked Reserves stood at £14.706m at 31 March 2023.

3.7 There was an overall surplus on the Collection Fund of £697k made up of a surplus for council tax of £881k and a deficit in respect of business rates of £184k.

4 Overall Revenue Budget Monitoring Quarter 1 2023/24

4.1 Members were taken through the revenue budget monitoring position for the first Quarter of the year.

4.2 The report showed that at the end of the first quarter there was a net underspend/over recovery of income of £233,070 (8.96%).

4.3 The report went through the position on the budget looking at the subjective budget headings and describing the key headline budget variances.

4.4 One of the main things that were highlighted was that the pay award had yet to be approved for the 2023/24 financial year, and this accounted for an estimated £100k of the variance.

4.5 Investment income was showing a favourable position, with budgeted investment income to the end of the first quarter being £113k, but with £204k actually received to date. It was forecast that total investment income could be as much as £1m by the end of the financial year, or £550k above the budget, subject to future movements in interest rates.

5 Budget Forecast 2024/25 to 2026/27

5.1 The Director of Resources took members through a report on the budget forecast. The report provided details about the many major issues facing the council, namely:

- Unknown Government Funding
- Changes to Government and Major Funding Streams
- Inflation levels & pay rises

- Cost of Living and impact on services
- Assumptions on interest rates

5.2 The report also took members through the budget forecast process and the key elements that inform the budget position and future forecasting.

- Pay & Price Increases
- Interest Rates
- Business Rate Growth
- New Homes Bonus (NHB)
- Core Government Funding

5.3 Focusing on pay and price increases it was highlighted that the assumptions made in the forecast were that pay, price, and fees and charges increases were based on:

	Pay Increases	Price Increases	Fees & Charges
2024/25	4%	4%	4%
2025/26	2.5%	2.5%	2.5%
2026/27	2.5%	2.5%	2.5%

5.4 The following was assumed for interest rates:

	Interest Rate	Investment Income
2024/25	4.0%	£800k
2025/26	3.0%	£600k
2026/27	2.0%	£400k

5.5 Using these assumptions, the forecast budget position showed the need for reductions in expenditure of:

	£
2024/25	877k
2025/26	2,261k
2026/27	2,740k

5.6 A discussion took place around guidance to service committees and potential levels of inflation and whether fees and charges could be increased by a lower level (potentially 2%) than the amount currently assumed for inflation next year of 4%. It was explained that a 4% increase in fees and charges would bring in £141k. If therefore they were increased by 2% this would increase the budget gap further by £70k each year.

5.7 The Director of Resources stated that further detailed modelling could be carried out at a future Budget Working Group meeting. The detailed fees and charges reports were to be considered by service committees in the November cycle of meetings.

6 **Date of Next Meeting**

6.1 A number of dates were agreed in advance:

- 25 September 2023 3pm and 23 October 2023 3pm