

Meeting of the Full Council
Meeting to be held on Friday, 23 February 2024

Report submitted by: Executive Director of Resources

Part A

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Delivering better services;

2024/25 Budget Report
(Appendix 'A' refers)

Contact for further information:
Mark Wynn, Tel: 07955 321732, Executive Director of Resources,
mark.wynn@lancashire.gov.uk

Brief Summary

This report brings together recommendations from Cabinet (8 February 2024), Audit Governance and Risk Committee (29 January 2024) and Employment Committee (25 January 2024) in relation to the 2024/25 Budget.

Appendix A contains details of the 2024/25 budget and associated policies for approval by Full Council. The report also highlights changes to the budget and medium-term financial strategy that have occurred since the Cabinet meeting on 8 February 2024, and their impact on the proposed Council budget.

In considering the above, Full Council is asked to:

- a) Note and have regard to the advice of the Executive Director of Resources in relation to the robustness of the budget and the adequacy of reserves (Appendix A, Annex D).
- b) Note the summary of consultation responses received and officer advice (Appendix A, Annex K).

Recommendation

Full Council is asked **to approve**:

- (i) A revenue net budget requirement of £1,112.610m for 2024/25.
- (ii) A council tax requirement of £642.208m (equating to Band D Council Tax of £1,653.29) for 2024/25 reflecting a 2.99% core increase and a further 2% to be used for adult social care.
- (iii) A contribution from the transitional reserve of £0.856m to provide a balanced budget position in 2024/25.
- (iv) Policy savings totalling c£14m, with £3.655m profiled to be delivered in the 2024/25 budget, detailed in Annex C of Appendix A, with consideration given to the equality impact assessments. Specific consultations will be undertaken for a small number of proposals as outlined in the report with the outcomes reported at future Cabinet meetings and decisions taken as to their implementation.
- (v) The indicative capital programme for 2024/25 of £198.524m (Appendix A, Annex E).
- (vi) The capital strategy (Appendix A, Annex F).
- (vii) Exceptions to the agreed uplift policy for fees and charges as outlined in Appendix A Section 13.

Full Council is asked **to approve** the associated documents referred from Audit, Risk and Governance Committee (29 January 2024):

- (viii) Treasury Management and Investment Strategies and the Minimum Revenue Provision Policy for 2024/25. (Appendix A, Annex G – I).

Full Council is asked **to approve** the associated documents referred from Employment Committee (25 January 2024):

- (ix) The Pay Policy Statement 2024/25 (The Localism Act 2011) were considered and approved by Employment Committee on 25 January 2024. (Appendix A, Annex J).

Full Council is asked to note and have regard to the advice of the Executive Director of Resources in relation to the robustness of the budget and the adequacy of reserves (Appendix A, Annex D) and the outcome of the budget consultation process (Appendix A, Annex K).



Detail

Appendix 'A' sets out the proposals for the 2024/25 Budget. The proposals have been developed in the context of one of the most difficult scenarios facing the Local Government sector for many years.

Subsequently, this year is perhaps the hardest year many local authorities have faced in terms of setting budgets. The challenges have been significant, with costs impacted by demand for services continuing to rise post covid and also in response to recognised national challenges, e.g. Home to School Transport. It has been an incredibly challenging year financially for budget-setting due to the significant changes in the rate of inflation and the impact on service costs, however we are now seeing reductions in the headline rate and progress towards the Bank of England 2% target. The recent announcement of extra funding for local government recognises these challenges.

Changes to the 2024/25 Revenue Budget since the Cabinet Meeting 8 February 2024

Due to the timing of the report to Cabinet on 8 February 2024, there have been some significant changes which are outside of the Council's control:

- As part of the Final Local Government Financial Settlement on 5 February 2024 the Council was informed its share of an additional £500m social care grant announced on 24 January 2024 was £11.5m. This has resulted in additional income from the position reported to Cabinet and the increase has been assumed to be recurrent in the medium-term financial strategy.
- Final information relating to council tax and business rates was received from the district councils on 31 January 2024. Historically, a surplus of £5m has been achieved across Lancashire on the council tax and business rates collection funds and built into our annual budget, however districts have advised that they are anticipating a deficit of £2.079m this year. The resulting impact is therefore a financial challenge of £7.079m for the county council in 2024/25.
- The assumed increase in council tax base for 2024/25 and future years has been reduced from the 1.7% growth achieved on average in previous years and built into our annual budget, to 1.2% based on latest information from district councils across the county (equivalent of assuming growth of 4,575 new homes per year rather than 6,485 previously). The financial impact on the Council is c£3.2m in 2024/25.
- Adjustments have been made to the following savings templates:
 - GET011 (Anaerobic Digestion – Processing of food waste) – reduced to reflect partnership arrangement with Blackpool Council.
 - GET007 (Pay and Display) – reduced to reflect initial consultation feedback from district councils.



All of the adjustments detailed have been included in the 2024/25 revenue budget (and medium-term financial strategy for later years) as set out in Appendix 'A', resulting in a revised deficit of £0.856m, which will be funded from the transitional reserve.

Content

The attached report (Appendix 'A') sets out:

- The proposals for spending c£1.9bn on services across the County over the coming year and the allocation of budgets across directorates (Appendix 'A' & Annex A).
- The assumptions that underpin the proposed budget and future years medium-term financial strategy planning (Annex B).
- The increased costs (c£117m) being incurred by the Council in comparison to those agreed for 2023/24. (Appendix 'A' - Sections 3 – 9).
- New policy savings proposals (c£14m) that will require the approval of Full Council (Annex C).
- The sources of funding to support the budgets (Appendix 'A' - Section 10).
- The impact on council tax levels within the county (Appendix 'A' – Section 10.2).
- Proposals for the development of options for consideration in planning for a sustainable budget (Appendix 'A' – Section 11).
- Proposals for a capital delivery programme of c£531m over the next 3 years, with a planned delivery programme of £198.524m in 2024/25 (Annex E).
- The level of reserves that the county council holds (Appendix 'A' – Section 12).
- The Section 25 Statement – it is a statutory requirement that the budget report for Full Council includes an assurance from the Chief Finance Officer on the robustness of the estimates and adequacy of reserves. This is included as Annex D within Appendix 'A'.
- The Capital Strategy – This document sets out the rationale for the Council's capital investment and the governance process the Council adopts for oversight and assurance of the programme. (Appendix 'A', Annex F).
- The Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision policy were considered and approved by Audit Risk and Governance Committee on 29 January 2024. (Appendix 'A', Annex G – I).
- The Pay Policy Statement 2024/25 (The Localism Act 2011) were considered and approved by Employment Committee on 25 January 2024. (Appendix 'A', Annex J).

Summary of report

The key messages contained within the detailed report (Appendix 'A') are summarised below:

- The Council will spend £1,893.934m of revenue expenditure over the coming year, whilst generating £781.324m of income, which will leave a net budget requirement of £1,112.610m.
- £1,111.754m of this will be funded from a mixture of government grants, business rates, council tax and other local funding.



- The county council will therefore have a budget deficit in 2024/25 of £0.856m which will be funded from the transitional reserve.
- The Council faces significant demand and inflationary pressures of c£117m in 2024/25 (and c£261m over the 3-year period to 2026/27).
- The Council continues to evidence strong financial management and has identified a further £37m of new savings that will be required over 2024/25 - 2026/27. In total there are savings of £98m to be delivered over the next 3 years.
- There are a number of risks inherent in the assumptions within the budget and considerable challenges and uncertainty within the local government sector at present. The Council has, therefore, also developed a strategy for identifying further efficiencies and productivity improvements utilising best practice and technology designed to improve outcomes at lower cost.
- The approved budget includes a council tax requirement of £642.208m (equating to Band D Council Tax of £1,653.29) for 2024/25 reflecting a 2.99% increase in general council tax and a further 2% to be used for adult social care.
- A capital delivery programme is proposed of c£531m over the next 3 years, with a planned delivery programme of £198.524m in 2024/25.
- Section 25 Statement – it is a statutory requirement that the budget report for Full Council includes an assurance from the Chief Finance Officer on the robustness of the estimates and adequacy of reserves.
- The Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision policy were considered and approved by Audit Risk and Governance Committee on 29 January 2024.
- The Pay Policy Statement 2024/25 (The Localism Act 2011) were considered and approved by Employment Committee on 25 January 2024.

Appendices

Appendix 'A', including Annexes A – K, is attached to this report. For clarification they are summarised below and referenced at relevant points within this report:

Appendix	Title
Appendix 'A'	The County Council's Budget 2024/25
Annex A	2024/25 Revenue Budget Detail
Annex B	Funding and Expenditure Assumptions
Annex C	Policy Savings Proposals
Annex D	Report of the Chief Financial Officer on the robustness of the 2024/25 budget estimates and the adequacy of reserves.
Annex E	Capital Programme 2024/25
Annex F	Capital Strategy
Annex G	Treasury Management Strategy
Annex H	Investment Strategy
Annex I	Minimum Revenue Provision Policy
Annex J	Annual Pay Policy Statement 2024/25 (The Localism Act 2011)
Annex K	Stakeholder Budget Consultation 2024/25



Consultations

The budget consultation process took place from 12 January 2024 – 9 February 2024, with over 150 stakeholders asked for their feedback on the 2024/25 budget proposals for the county council.

In total 4 responses were received with details of these and an officer response to the feedback provided in Annex K.

The budget for 2024/25 includes several savings proposals that will require their own respective consultation, with reports in relation to these proposals seeking approval from Cabinet following consultation, in order to be implemented.

Implications:

This item has the following implications, as indicated:

Risk management

The county council's overall approach to managing financial risks continues to identify and acknowledge risks early and build their impact into financial plans while continuing to develop strategies which will minimise their impact. This approach operates in parallel with the identification and setting aside of sufficient resources to manage the financial impact of the change risks facing the organisation.

The statutory report of the Chief Financial Officer on the robustness of the 2024/25 budget estimates and adequacy of reserves (Section 25 of the Local Government Act 2003) reviews the risks included as part of the 2024/25 budget and future years.

Legal

- The Council has a legal duty to set a balanced budget for each financial year and is obliged to set a Council Tax that ensures a balanced budget.
- The proposals in this report meet this requirement.
- Should the Council wish to raise the basic level of Council Tax by more than 2.99% (excluding the Adult Social Care Precept) it would be necessary to hold a referendum. As the proposals set out within this paper do not require an increase in the Council Tax above this level, the requirement for a referendum will not be triggered.
- Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set, they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.



- In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2024-25 for each of the categories of dwelling in the Council Tax area. This requirement will be achieved by approving the statutory resolution shown in this report.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

