

Report of the Treasurer and the Chief Fire Officer

Budget and Precept 2024/25 and Medium-Term Financial Plan – Additional Information

Purpose of report

1. To update the information and recommendations in the original report to reflect the impact of the confirmed local government finance settlement and late receipt of Business Rate information.

The relevant appendices have been updated and the original appendices 3 to 8 should be replaced by the new appendices 9 to 13. Paragraph numbers in the recommendations refer to paragraphs in the original report. Figures in the recommendations that have changed have been identified with a box around them.

Recommendation

It is recommended that: -

- i) the Capital Strategy (paragraphs 13-27) be approved;*
 - ii) the Capital Budget and Programme (Appendix 1) be approved;*
 - iii) the Core Net Revenue Budget of **£43,587,600** (Appendix 10) be approved;*
 - iv) the Medium Term Financial Plan (Appendix 11) be approved;*
- a. Under the provisions of the relevant sections of the Local Government Finance Act 1992 (as amended), in relation to the year 2024/25 the Authority calculates, as set out in Appendix 12, that:*
- i. S42A(2)(a): the aggregate expenditure it will incur will be **£43,663,400.00**.*
 - ii. S42A(3)(a): the aggregate income it will receive will be **£15,062,324.56**.*
 - iii. S42A(2)(c): the amount to be transferred to financial reserves will be **£0.00**.*
 - iv. S42A(3)(b): the amount to be transferred from financial reserves will be **£260,057.05**.*
 - v. S42A(10): the net Collection Fund surplus is **£129,705.54**.*

- vi. **S42A(4): the net amount of its Council Tax Requirement will be £28,211,312.785.**
- vii. **S42B: the Basic Amount of Council Tax will be £97.22 (Band D).**
- viii. **S47: the proportional tax-bands will be:**

• Band A	£64.81
• Band B	£75.62
• Band C	£86.42
• Band D	£97.22
• Band E	£118.82
• Band F	£140.43
• Band G	£162.03
• Band H	£194.44

- ix. **S48: the precept demands on the individual Billing Authorities are:**

• Bromsgrove	£3,694,136.35
• Herefordshire	£6,999,836.99
• Malvern Hills	£3,212,843.88
• Redditch	£2,558,548.43
• Worcester	£3,208,454.40
• Wychavon	£5,144,320.40
• Wyre Forest	£3,393,172.40

- v) **the Reserves Strategy (paragraphs 71-79 and Appendix 13) be approved;**
- vi) **the Investment Strategy (paragraphs 80-85) be approved;**
- vii) **the fees and charges for 2024/25 (Appendix 7) be approved; and**
- viii) **the Statement of Prudential Indicators and Minimum Revenue Provision Policy (Appendix 8) as updated by paragraph 17 below be approved.**

Introduction and Background

2. At the date of issue of the original Report it was noted that the following information was still awaited. This this has now been received:
 - a. Formula Grant Settlement – confirmed 5th February
 - b. Home Office Special Grants – confirmed 6th February
 - c. Business Rate Yields – final information received 9th February.

3. In all case the confirmed position was worse than had been forecast in the original report.

Formula Grant

4. The original provisional settlement provided for a minimum increase of 3% in governments calculation of Core Spending Power (CSP), any Authority who would receive a lower increase is given a Funding Guarantee Grant (FGG) to bring this up to 3%. In the provisional settlement the Fire Authority was due to receive £0.556m of such grant.
5. In a further statement on 24th January the government announced that the minimum increase would be 4% and issued a further document showing an additional £0.432m now due to the Fire Authority. This actually gave a 4.2% increase in CSP
6. The final settlement however, reduces this additional amount to only £0.369m a reduction of £0.063m. This still equates to a 4.0% increase in CSP.

Special Grant

7. The Home Office made a very timely publication of the details of various other grants, which had previously been estimated, but can now be adjusted to actual figures.
8. Where there are additional one-off grants, i.e. Protection and Pensions Administration a corresponding increase in expenditure has been assumed until these grants are fully understood.

Business Rates Yield

9. Final information was received late on Friday 9th February and the overall position is significantly worse than had been estimated.
10. The MTFP (adjusted for the non-indexation of the multiplier) forecast a minor (0.2%) fall over the 2023/24 figure. The actual position is a reduction of 9.7% a "loss" of around £0.3m.
11. A large part of this change is a £0.215m collection fund loss compared to a £0.086m surplus in 2023/24.

Summary of Impact

12. To make the picture clear, the relevant appendices have been updated and original Appendices 3 to 8 should be replaced by new appendices 9 to 13. Changes from the original figures which are not obvious on the face of the appendix are indicated with an "X" and the recommendations revised to refer to the new Appendices where applicable.
13. The net impact on the MTFP is shown in the table overleaf:

		2024/25	2025/26	2026/27
		£m	£m	£m
Appendix 4	Deficit/(Surplus)	(0.144)	0.050	0.182
Appendix 11	Deficit/(Surplus)	0.260	0.285	0.382

14. It is proposed that the 2024/25 deficit is met from the Budget Reduction Reserve.
15. Whilst future deficits of this level can be met from this Reserve (*and the revised Reserves Strategy – Appendix 13, shows this for the MTFP period*) to the end of 2028/29. It is not prudent to plan to incur expenditure from Reserves in the long term. However, it is also unreasonable to hold reserves which could be used to deliver public services
16. None of these changes impact on the Council Tax Precept recommendation and decision in the original Report.

Impact on Prudential Indicators

17. Although the underlying principal of the indicators is un-changed, the changes to grant levels make minor changes to their technical calculation. For completeness these changes are shown below. The changes are only minor and only impact on the Ratio of Financing to Net Revenue Stream indicator as shown below.

Appendix 8	2023/24	2024/25	2025/26	2026/27
Financing Costs	£2.583m	£3.014m	£3.214m	£3.584m
Net Revenue Stream	£40.115m	£43.506m	£44.460m	£45.606m
Ratio	6.44%	6.93%	7.23%	7.86%

Updated	2023/24	2024/25	2025/26	2026/27
Financing Costs	£2.583m	£3.014m	£3.214m	£3.584m
Net Revenue Stream	£40.115m	£43.328m	£44.225m	£45.404m
Ratio	6.44%	6.96%	7.27%	7.89%

Conclusion

18. Discounting the usual “unknown-unknowns” and the potential for a change in government over the MTFP period the Authority is in relatively stable financial position

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Yes – amendments to whole of original report
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Strategic Policy Links & Core Code of Ethics (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	Budget and Financial Plan underpins all other strategies
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	No
Consultation (identify any public or other consultation that has been carried out on this matter)	Yes – consultation with Business Rate-payers as required by legislation
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	No
Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling)	

Supporting Information

Appendix 9	Amended Revenue Budget Changes 2023/24 to 2024/25
Appendix 10	Amended Revenue Budget Allocation 2024/25
Appendix 11	Amended Medium Term Financial Forecasts to 2026/27
Appendix 12	Amended Council Tax Requirement Calculation 2024/25
Appendix 13	Amended Reserves Strategy Summary