

REPORT TO:	CABINET		
DATE:	13 February 2024		
PORTFOLIO:	Councillor Peter Britcliffe - Deputy Leader of the Council, Resources		
REPORT AUTHOR:	Martin Dyson, Executive Director (Resources)		
TITLE OF REPORT:	General Fund Revenue Budget 2024/2025		
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. PURPOSE OF REPORT

- 1.1 This report sets out proposals contained in Revenue Budget Report 2024-2025 as attached at Appendix A. It also provides an overview of key issues arising from the Medium Term Financial Strategy.
- 1.2 The decision to set the Budget will be a key decision of the Council. The role of the Cabinet is to recommend a proposed Budget to the Council.

2. RECOMMENDATION(S)

- 2.1 That Cabinet recommends the proposal to increase Council Tax for 2024/25 by 2.99%, increasing the charge for a Band D property to £268.43.
- 2.2 The Budget for 2024/25 will therefore be £15,998,500 as detailed in Appendices 1 to 3 of the Revenue Budget 2024-2025 report attached at Appendix A of this report.
- 2.3 That Cabinet recommend approval of the changes in budget requirement through including inflation, growth and savings identified in Appendix 3 of the Revenue Budget 2024-2025 report, to ensure the Council can set and approve a balanced budget.
- 2.4 That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 20 years and confirms its commitment to continuing this approach in the year ahead.

- 2.5 That Cabinet recommends during the financial year 2024/25, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.
- 2.6 That Cabinet recommends during the financial year 2024/25, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) should the estimate of Business Rates not be sufficiently accurate, by drawing on reserves if needed or paying over additional contributions to reserves.
- 2.7 That to aid future financial management planning any surpluses generated during 2024/25 are set aside to help the Council reduce its cost base over the next three years, to support its long term capital programme or to strengthen its overall reserve position.
- 2.8 That Cabinet recommends that the Service, Funding Guarantee and New Homes Bonus Grants awarded for 2024/25 are used to help balance the Council's Budget.
- 2.9 That Cabinet recommends that any additional funds from Government that are not ring-fenced funding as well as any other surplus funds can be used if required to support Capital expenditure as determined by the Executive Director (Resources) in the overall financing of capital expenditure or be transferred to Reserves.

3. SUMMARY

- 3.1 This report sets out the Council's Revenue Budget for 2024/25. This will require net expenditure of £15,998,500.
- 3.2 Under these proposals, Council Tax for Hyndburn residents will incur a rise in charge for Hyndburn Council provided services and the charge for a Band D property will increase from £260.64 in 2022/2023 to £268.43.
- 3.3 The impact of the war in the Ukraine has undoubtedly had an impact on the council's budgets and this along with the impact of higher inflation and higher than forecast pay settlements has contributed to the Council raising its element of the Council tax by the maximum 2.99%, an increase of £7.79 on a Band D property.
- 3.4 Lancashire County Council, the Police & Crime Commissioner and the Lancashire Combined Fire Authority have not yet formally taken their decisions on Council Tax Levels for 2024/25. It is expected that the County Council will raise its Council Tax for each household by a general increase of 2.99% and a 2.0% increase to assist with meeting the cost of Adult Social Care which equates to a £78.58 (4.99%) increase overall. It is expected that the Police Commissioner will increase a Band D Property by £13.00 (5.17%)

and that the Lancashire Combined Fire Authority have proposed a £2.46 (2.99%) increase.

- 3.5 Altham Parish Council has set a separate precept for its activities. This year the Parish Council has decided to increase its precept by 5.14% and the Band D charge for Altham Parish Council will therefore increase from £41.07 for 2023/2024 to £43.18 for 2024/2025. The Parish Council will precept the Collection Fund for £13,668 for 2024/2025. Details of the proposed position on other Bandings for properties in Altham are shown in Appendix 6.
- 3.6 In setting the Budget for 2024/25 the Council faces continued volatility around some of the most significant items within its Budget. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council. The certainty on which the Council could budget and manage its finances has therefore decreased since 2013 and it will be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. The ongoing impact from the War in Ukraine is also difficult to predict at this time. This might result in the need to reduce spending during the year, if revenue monitoring starts to indicate the amounts of funds received will fall short of the target or if we face an upsurge in spending.
- 3.7 The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing its successful policies to manage costs effectively and promote appropriate service investment. This Budget will therefore deliver,
- A continuation of our established approach of limiting enhancements on early retirement, continuing our rigorous approach to absence management and committing to minimising borrowing costs. These actions have already stemmed the build-up of unproductive costs within the organisation. In each of these cases we have put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.
 - The Capital Programme for 2024/25 will continue to deliver key investment in council and public facilities adding another £4.40m to £46.29m the Council currently has approved.
 - A large proportion of the capital programme will be phased over the next few financial years and this includes the delivery of £24m investment in Accrington Town Centre with £20m coming from the Government's Levelling Up Fund and a £12m investment into our Leisure Estate to modernise it and significantly boost the number of people making use of the facilities to keep fit and healthy.
 - The additions to the programme in 2024/2025 of £4.40m include:
 - a) £495,000 of investment into Parks and Play areas of which the council has been able to attract £40,000 of external grant funding to contribute to the improvements.

- b) £1,095,958 to provide Disabled Facility Grants this year which is fully funded from the better care fund.
- c) £490,000 to maintain and invest in its operational assets and vehicle fleet.
- d) £300,000 further investment in the Leisure Estate, which is a condition of the council being awarded £2.4m from Sport England for the new facility at Wilsons playing fields.
- e) £85,000 to improve and develop new ICT and technical equipment to deliver services in a more efficient way.
- f) £764,000 of works required as part of the Levelling Up programme / Town Centre Regeneration.
- g) £241,447 on Energy efficiency / Decarbonisation works, of which all is fully funded from external grant funding.
- h) £267,000 on Community projects that involves bringing the Oswaldtwistle Theatre back into use.
- i) £665,600 from a new Capital grant from the government to provide vehicles and equipment required for the introduction of the new Food Waste service to be introduced in 2026.

- Despite costs of over £85,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, we will continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. We believe this action will help bolster our town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West
- Further reductions in our accommodation costs, building on the success over the last 15 years including further rationalising our accommodation and looking at more ways of using our accommodation more effectively. We will also continue our actions to reduce our carbon emissions and our energy costs and continue contributing to the improvements of our environmental footprint by positive action.

3.8 We intend to continue to deliver all of the above and remain committed to a radical agenda of improvement while managing within our available resources. This will be more difficult in the years to come, given our reduced resources from the Government. However, there remains a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to improve service delivery. We wish to continue to push forward on the drive for delivering value for money as a key priority for the Council.

3.9 The rewards of strong financial control remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2023, in which general reserve balances are over £1.8m. We have been able to operate within our existing financial resources over the last three years during the pandemic, through good financial management and will continue to deliver strong financial performance in the years to come.

- 3.10 Within the Budget for 2024/25 there are a number of areas which are subject to our best estimation. There are therefore a number of risks around the Budget, should these estimated costs or revenue amounts vary during the year. We have assumed that extra costs from another pandemic are containable within the funds previously provided by Government or that additional funds will be made available if required.
- 3.11 After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carries a significant risk around the level of monies available, fluctuating substantially from this source. In addition as the calculation of how much funds will be available is dependent on a number of factors including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies, safety nets and pooling, the introduction of new rules on rates relief on retail premises and small businesses, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which will only truly emerge after the end of the financial year, the imprecision in these estimates is regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts have increased due to the impact the War in Ukraine has had on the Business Community. There has been growth in the calculation of business valuations within Hyndburn that shows positive signs, although this could remain uncertain for a number of years.

4. CONSULTATIONS

- 4.1 As outlined in the Report, the public and businesses are invited to participate in a virtual meeting of the Council's Overview & Scrutiny Meeting on the 20th February at 3:00pm to review in detail the Budget proposals of all parties, consider the proposals put forward and make suggestions for changes and improvements to the Budget plans to be submitted to Full Council on the 27th February 2024.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The recommendations in the report provide an appropriate platform on which the Cabinet can recommend a Budget to the Council which meets the objectives and key priorities of the people of Hyndburn.

6. ALTERNATIVE OPTIONS CONSIDERED AND THE REASONS FOR REJECTION

- 6.1 There have been a wide number of individual proposals put forward to produce a Balanced Budget. Options have been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options may be presented at the Council meeting.

7. BUDGET IMPLICATIONS

7.1 As outlined in the report.

8. LINKS TO CORPORATE PRIORITIES

8.1 The Budget report links to all corporate priorities in determining the funding levels for expenditure in the year ahead.

9. EQUALITY

9.1 Any detailed policy changes, changes in service provision or operational changes as a result of the budget proposals will have an EIA produced by the relevant Service Head where this is required.

10. RISKS

10.1 There are a number of financial risks around setting the Budget. These are set out in detail in the report and cover the impact of making estimations of several large financial areas which contain a degree of volatility. The Council is able to offset these risks by the effective management it has in place over budgets during the year and the ability to take early corrective action and make additional savings and re-prioritise spending decisions if necessary. It can also draw upon its reserves as a short-term measure while it takes corrective action.

11. LEGAL IMPLICATIONS

11.1 The Council is required to set a Balanced Budget for the Financial Year ahead and needs to take into consideration the Government's threat of Capping.

12. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

12.1 This Report should be read in conjunction with the other finance reports presented to the Cabinet meeting on the 13th February 2024. The relevant reports are listed below and can be found by accessing the Council's website.

[For access to the Cabinet Agenda and Reports --please follow this link to the appropriate dates and reports](#)

Medium Term Financial Strategy 2024/25 to 2026/27

Prudential Indicators Monitoring & Treasury Management Strategy 2024/25 to 2026/27

Capital Budget Report 2024/25

REVENUE & BUDGETS

2024-2025

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

BACKGROUND

- 1.1 Over the last 14 years, the Council has faced its most significant challenge since it was created in 1974. It has been able to respond effectively to calls from Government to provide a significant amount of support to the local community, provide assistance to the national efforts around fighting the virus and handle a large amount of financial support to the local business community. It has managed this within its overall financial resources, through its strong financial management and retained reserves to enable management the ability to respond effectively to any future crisis.
- 1.2 The Financial Year 2022/23 ended with the Council achieving a surplus on its Revenue Account and it is expected that a surplus will be achieved again in 2023/24. The improvement has meant it has not been necessary to strengthen reserves from the Council's Revenue budget in any of the last 17 years, which has freed up resources to go directly into service provision. Despite the clear financial impact of the War in Ukraine, the Reserves Level we currently hold are likely to be sufficient going forward and therefore we are again proposing that there is no need to direct resources away from front line services for this purpose during 2024/25.
- 1.3 Cost control continues to be high on the Controlling Group's agenda and they have responded with positive steps to a number of external pressures on costs and loss of income over the years. These extra pressures have not only been contained within the overall budget, but additional savings have been successfully generated each year. This has allowed the Council to face the threat from the continuing War in Ukraine from a strong position, knowing it has the Reserves to meet the challenges it faces.
- 1.4 Although it is worth noting the major improvements in financial management and cost control over the last 20 years, the Council needs to continue to press this home in the year ahead in order to continue to drive value for money across its core operations. This will also ensure the Council continues to protect the Reserves and it will ensure the council is in a strong position to meet any unexpected future demands. Members of all parties have made it clear that this is an absolute priority for the Authority and have supported a rigorous approach to this issue.
- 1.5 The Council must also deal clearly and effectively with the challenges ahead. The MTFS continues to indicate major savings pressures over the next three years, most of which stem from the potential loss of Government funding for our core activities.
- 1.6 For Hyndburn this will require a focus on and commitment to tough decisions for a number of years ahead. Indications from right across local government, but particularly at Shire District level, suggest there is huge pressure on services due to the limited amount of funding available. The Local Government Finance Settlement has reduced our available resources from Government by almost £5m since 2010/11 and the MTFS recognises that should the Government proceed with major changes to the way in which local government is financed, the Council could face the need to generate over £2.5m of savings in the next few years.

MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium Term Financial Strategy (MTFS) has been updated by the Executive Director of Resources ahead of the preparation of the Council's Budget and submitted to the Cabinet meeting of the 13th February 2024. It will also be presented to the Council on the 27th February 2024.

2.2 The MTFS indicates the Council's fortunes are significantly linked to decisions taken by Central Government over the future funding of local government. If the Government chooses to continue the current system of funding levels over the next 3 years, the Council will need to generate relatively small amounts of savings going forward to balance its Annual Budget. Given our historical ability to deliver savings at a much higher rate, balancing the Budget in these circumstances is well within the capabilities of the Council.

2.3 If the Government, however, opts for an agenda around financial reform the Council could face significant reductions in the direct level of grants and it could see sizeable reduction in the revenue it retains from Business Rates. The level of loss of funding from either of these sources is difficult to predict, ranging from small to very large. This has to be recognised as a real possibility as the Government has indicated its intention to remove all direct revenue grants to District Councils for many years. Previously, the Government had already substantially cut Revenue Support Grants (RSG) across local government as part of its austerity drive and by 2017/18 the consequence was that a rolling programme of removing all RSG from some Councils already existed. With some Councils in this situation finding themselves facing "negative"

RSG, a position in which having lost all their RSG the Government assessed they needed to provide further savings and Councils were notified they would be required to pay over funds to the Government rather than receive a grant. This process was only halted by Brexit and COVID 19 and was meant to have been accelerated by the proposed Fair Funding Review- redistributing the allocation of funding across local government in terms of Grants and Business Rates.

2.4 The loss of RSG would cost the Council £2.017m. In addition, we currently have £246,839 of other direct grant funding from the Government supporting the Budget from a service grant, funding guarantee grant and new homes bonus grant. MLUHC have heavily indicated that local government should not assume that they will continue to receive these grants as permanent extra funding to the sector. The removal of the grants above would cost the Council £2.265m. At this level of grant reduction, the Council would need to take tough decisions around the future shape of its services.

2.5 The other major pressures the Council faces are:

- Inflationary pressures on wages and the purchase of goods and services.
- The impact of the War in Ukraine on Energy Prices.

In addition, the Council could face further financial pressure over the period of the MTFS if it uses up all its available capital resources and has to finance any future Capital spend from its Revenue Budget. In this context the Budget for 2024/25 needs to be a cautious one as significant turbulence to our financial well-being may be just a little over 12 months away.

CONTINUATION BUDGET

3.1 The basis of the revenue budgets is to continue to provide the same level of services as provided in 2023/2024 and therefore roll forward the budgets with the addition of the financial pressures that are being faced to create a new budgeted cost for continuation of service delivery. Our long-term Corporate Priorities are detailed within our Corporate Strategy with the overall objective of improving the local economy and the mix of housing within Hyndburn. The vision set out in the Corporate Strategy continues to be re-enforced, to minimise impact on those who have low incomes, those who have poor health and those who live in the poorest housing conditions. The Corporate Strategy seeks to overcome these factors by improving the local economy and the housing offer across Hyndburn. Our in-year objective is however a continued focus to support the national efforts to address any continuing factors from high inflation and the impact of the War in the Ukraine in order to assist in a clear and speedy recovery locally. The delivery of our key corporate objectives remains a significant challenge in a period of reduced funding, uncertain global economic indicators due to the War in Ukraine and the aftermath of Brexit.

3.2 Our current budgets are aligned to these objectives. Service Plans are updated on an on-going basis as required by Managers throughout the year and Service Managers are invited to update their medium- term running costs and changes of strategic or tactical direction ahead of the compilation of the Medium Term Financial Strategy. Equally, the

existing MTFS guides managers on the likely resources available over the future period and gives an indication of the potential boundaries and challenges they may face and need to address within their Service Plans. Cost pressures are initially dealt with internally within service areas, as are developments in new services provision with managers exercising their abilities to re-organise between priorities and choose between competing demands based on the guidance set out in the Corporate Strategy and discussions with Cabinet Members.

3.3 These calculations indicate a Continuation Budget of just over £15.999m with £1.543m of growth and inflationary pressures and this figure has been used in Appendix 1 to show the level of potential spend the Council faces compared to the resources available and establish the savings target for the Council going into 2024/25.

GROWTH & INFLATION PRESSURES

- 4.1 The Council also needs to adjust its Budget this year to recognise a series of cost pressures from the salary increases and the national wage settlement for local government workers.
- 4.2 The negotiation of the local government pay award in 2023/2024 averaged a 6.6% increase in staffing costs, which was 1.6% above the budgeted increase for the year. The costs within 2023/2024 have been managed through staff turnover, other cost reductions and increased investment income from treasury activities. The 2024/2025 budget includes a forecast for a 5% increase, although the current inflation levels stand at 4% at December 2023, although interest rates forecasts remain around 5% and therefore this budget has been set at this rate.
- 4.3 The impact of the War in Ukraine has created significant pressures in the costs associated with the supply and usage of gas and electric across council buildings and the supply and provision of all services. In addressing these pressures, the council will as always attempt to minimise the impact through budget management and procurement arrangements. The 2023/2024 budget included a significant uplift due to these pressures and in year re-negotiation and reducing rates has enabled savings to be made on these contracts and this can be seen at Appendix 3.
- 4.4 The impact of high inflation and increased costs of materials has impacted the supplies and services budgets and created budget pressures across all service areas. These costs have been managed within budget resources within 2023/2024 through increased investment income returns. These returns are expected to be one-off due to the fall in interest rates and the forecast level of capital expenditure in 2024/2025 significantly reducing the balances available for investment. It is therefore expected that the revenue budget will incur significant costs in supplies and services and there will be additional budget pressures to contend with. These are shown in Appendix 3.
- 4.5 In order to reduce the impact of rising costs, the service plans include increases in service charges through fees and charges and the more efficient processing has enabled the previous impact on the Housing benefit service included in the 2023/2024 budget to be reversed.
- 4.6 The Council is also making provision within its revenue budget to set aside reserves to deal with the future service provision and capital costs of legislation changes in mercury abatement at the crematorium in 2027 and also preparation for any future costs, when the current waste transfer / disposal arrangements may change in 2026.
- 4.7 To balance the Budget, it is proposed to reintroduce a Corporate Savings Target of £106,300 this year which is to come from general savings throughout the year and this represents 0.66% of the revenue budget for 2024/2025.
- 4.8 A number of other growth items were not able to be supported this year due to the overall pressures on the Budget and will be managed within current budget levels.

AVAILABLE RESOURCES

As covered in the MTFs, briefly, these are the resources available to the council:

CORE GOVERNMENT REVENUE

SUPPORT GRANT (RSG)

The Government's Finance settlement has allocated a Revenue Support Grant (RSG) for 2024/25 at £2,017,656. This is at the same level as 2023/24 of £1,892,317 plus an increase of £125,339 (6.62%).

The increase in RSG is offset by a reduction in the Services Grant. The Council received £145,628 in 2023/2024 and this has reduced to £22,915. In recognition of the decrease in the Services Grant, the government have increased its Funding Guarantee grant from £5,321 in 2023/2024 to £105,530. The combined overall effect is an increase in the government funding from these grants of £102,835 (5.03%) to the funding received in 2023/2024. The revenue support grant is not guaranteed beyond 2024/2025, although any expected changes to funding are likely to happen after the next general election, which will take place within the next year.

BUSINESS RATES

Business Rates which until 2013/14 came in the form of a grant from Central Government is now collected and partially retained locally and is therefore a separate revenue source for the Council. The Council currently shares the business rates collected locally with the Government who take 50% of the sums raised, Lancashire County Council who receive 9% and the Lancashire Combined Fire Authority who receive 1%. In addition, the Government operates a system of Tariffs and Top-ups which sees the amount retained by Hyndburn Council reduced by a further £4.85m. The Council also now has the risk around non-collection and the impact of late payments.

These changes add an additional degree of complexity to forecasting correctly the level of Business Rates the Council will receive to manage its Budget in 2024/25 and therefore there is a recommendation to allow the Executive Director of Resources to draw upon reserves if this figure included in the Budget is too high compared to the actual level of revenue received and for the Executive Director of Resources to contribute any additional sums received over and above the Budgeted figure to reserves, or to support the Capital Programme going forward with these one-off sums. For 2024/25 the estimated revenue from Business Rates is expected to be £7.803m.

COUNCIL TAX

It is expected that Council Tax will raise the equivalent of £5.931m of revenue for the Council in 2024/25. In 2024/2025 the council will increase its portion of the residents' bill. This year will see the Band D equivalent will rise by 2.99% taking the charge from £260.64 in 2023/2024 to £268.43 per household. D property for 2024/2025.

NEW HOMES BONUS

The Council will also receive some additional resources from the New Homes Bonus. This is additional funding from the Government to encourage local Councils to support the building of new homes. The amount each Council receives is determined by the increase in homes as shown on the annual returns for house numbers to the Ministry of Levelling Up, Housing and Communities (MLUHC).

RESOURCE SUMMARY

The Council's estimated Resources for 2024/25 are £15,998,500.

The largest items of funding comes from the retention of Business rates £7.803m (49%) and Council Tax raised with £5.931m (37%) raised locally. Central Government funding will provide just over £2.265m of direct funding this year which is 14% of our overall resource needs. As indicated in the MTFs there is a strong possibility that all of this Government funding will potentially disappear if the Government institutes a review of local government finances at the end of this financial year.

BUDGET PROPOSAL

- 5.1 The Cabinet recognises that it needs to maintain services and continue to deliver on its key priorities. It also has a clear duty to set a balanced financial budget for 2024/25 and continue its financial strategy to ensure its financial stability over the medium term.
- 5.2 The proposals for 2024/25 assume that savings activated to deliver previous budgets continue to be used and that where one-off savings were identified, Budget Holders bring forward equivalent amounts in 2024/25 to buttress their budgets ahead of any further proposed savings for 2024/25 onwards.
- 5.3 With expected Revenue costs of £16,104,800 for 2024/25 and estimated roll forward cost of operating the organisation of £14,382,600 for the year ahead plus £1,722,200, the Council has a saving gap for the year of £106,300 to meet its funding of £15,998,500. The savings target for the year only equates to 0.66% of the predicted spend for 2024/25 year, and therefore a Corporate In-year Saving Target of £106,300 has been set this year. Appendix 3 which usually lists the full extent of all the savings proposed to balance the Budget each year, this year details the list of growth and pressures proposed along with the recommendation to institute a Corporate Savings Target of £106,300.

BUDGET SAVING PROPOSALS

- 6.1 With an in-built target to produce a 0.66% savings on our estimated spend during the year and significant savings pressures likely to be necessary in 2024/25, the Council needs to remain focused on maintaining good financial discipline, look to continue to reduce its cost base and boost income throughout the coming financial year.

RESERVES

7.1 The Council has recognised the need to refresh and maintain its financial reserves after they became dangerously low as a result of the financial difficulties, we experienced over a decade ago.

7.2 However, after the significant improvement achieved over the last few years it has not been necessary to make an additional provision since 2006/07 from the Revenue Budget and it is possible for 2024/25 to continue with this policy. General reserves are currently over £1.8m and with an expected surplus anticipated for 2023/24, Reserve Levels should remain consistent with previous years.

7.3 The strong position on Reserves therefore allows the Council to commit its entire available budget to service provision, further improving the delivery to the public of Hyndburn.

7.4 Reserves while having been restored after the difficulties of a few years ago need to be maintained and increased when possible. The MTFS outlines the large number of potential claims on our expenditure from items that are not contained within the Budget and a minimum provision to face these threats of £1.8m is considered appropriate. Some of the potential calls upon the Reserves are listed below from the MTFS,

- The impact of the War in Ukraine on energy supply and service costs.
- Any further reduction in core Government Grants stemming from how the Government determines to manage public sector finances over the next few years.
- The threat of substantial increased costs from the Government's proposals to cap the amount it reimburses the Council in relation to Council Tax support.

- The increased threat of industrial action during a period of public sector pay restraint and job losses.
- The Government's stated intention to end paying Housing Benefit and the potential for large residual costs that may fall upon Councils in terminating this service.
- Potential costs from challenges to Planning decisions or enforcement action.
- The increased threat of settling employment disputes as a result of employment tribunal decisions and changes in employment law.
- Emergency spend pressures in-year, due to one-off items of capital or revenue spend.
- Risks around the conclusion of the Housing Market Renewal Programme.
- The continuing trading difficulties experienced by Hyndburn Leisure and financial pressures on other partner organisations.
- Supplier failure during an elongated period of financial constraint.
- Legal challenges over the operation of our fees and charges
- Continuing reductions in our income from fees and charges as the economy remains sluggish.
- Potential large fines under the General Data Protection Regulations introduced in 2022/23.
- The unknown revenue budget implications of the introduction of the new Food Waste service and the requirements for new Waste transfer arrangements from 2026.

7.5 This is not a fully comprehensive list of all of the potential calls that could be made on the Reserves, however it provides some indication of the financial risks outside the core Budget that the Council could face.

7.6 While some events are more likely than others and they vary in their potential cost to the Council, the extent and monetary range of these unbudgeted

CONT. RESERVES

challenges have the potential to severely damage the Council's finances if they mature.

7.7 The Council is expecting significant movement in its reserves over the next financial year, as it continues the planned capital programme works. There will also be additions to its reserves over the next few years though

increased forecast underspend in 2023/2024 and planned set asides for future commitments on capital expenditure and service issues such as the need to address the Waste transfer requirements in 2026/2027.

7.8 The table below shows the forecast position for the Councils usable reserves as at 31st March 2025.

Usable Reserves	Balance of Reserves 1 April 2023	Forecast Change in Reserves 2023/24	Forecast Balance 31 of Reserves March 2024	Forecast Change in Reserves 2024/25	Forecast Balance of Reserves 31 March 2025
General Fund					
General Fund Balance	£2,351,456	(£483,222)	£1,868,234	-	£1,868,234
Sub-Total	£2,351,456	(£483,222)	£1,868,234	-	£1,868,234
Earmarked Reserves					
Balances Set Aside to Fund Specific Future Expenditure	£2,491,539	(£17,418)	£2,474,121	£219,600	£2,693,721
Business Rates Volatility Reserve	-	£1,442,035	£1,442,035	-	£1,442,035
Climate Change Reserve	£806,428	(£132,046)	£674,382	(£153,900)	£520,482
Communities for Health Funding	£54,395	-	£54,395	-	£54,395
Dilapidations Reserve	£18,000	(£13,800)	£4,200	-	£4,200
Huncoat Village Garden	£11,933	-	£11,933	-	£11,933
Invest to Save	£1,350,931	(£518,165)	£832,766	(£181,900)	£650,866
Levelling Up & Leisure Investment	£5,065,483	£5,549,114	£10,614,597	(£8,969,596)	£1,645,001
Planning S106 Fund	£858,547	(£145,341)	£713,206	-	£713,206
Revenue Funding for Capital Schemes	£1,127,322	£383,678	£1,511,000	(£1,511,000)	-
S31 Grant for Future Years NDR Deficit	£2,996,112	(£2,996,112)	-	-	-
Waste Services	£18,469	(£18,469)	-	-	-
Sub-Total	£14,799,159	£3,533,476	£18,332,635	(£10,596,796)	£7,735,839
Capital Receipts Reserve					
Capital Receipts Reserve	£4,870,123	(£1,437,808)	£3,432,315	(£1,663,091)	£1,769,224
Sub-Total	£4,870,123	(£1,437,808)	£3,432,315	(£1,663,091)	£1,769,224
Capital Grants Unapplied					
Capital Grants Unapplied	£1,358,985	(£663,547)	£695,438	(£660,003)	£35,435
Sub-Total	£1,358,985	(£663,547)	£695,438	(£660,003)	£35,435
Total	£23,379,723	£948,899	£24,328,622	(£12,919,890)	£11,408,732

RISKS & MANAGEMENT

- 8.1 The 2024/25 Budget is constructed on a number of estimates, because exact figures are not known for many future events. There are a number of these estimations which are subject to uncertainty and volatility. In order to complete the Budgetary exercise, it is necessary to make a series of judgements around the level at which certain items should be costed. The significant areas in the Budget around which judgements have been applied are explained below.
- 8.2 There is also significant estimation in the figure for Business Rates paid in the year and these are liable to fluctuate significantly for a wide variety of reasons and may be more volatile in 2024/25 than previously as a wider number of businesses struggle financially.
- 8.3 There is no agreement over the national wage increase for local government workers currently, however given the current economic situation and recent industrial action across various public sectors it may be a risk that the 5% pay award budgeted does not fulfil the union wage demands and this could create a financial risk to the Budget of the Council. General inflationary pressures on non-wage expenditure have been included in the budget and it is not expected that these will accelerate to create an immediate threat to our Budget.
- 8.4 The impact of the War in Ukraine has created additional economic volatility and the impact on the Bank Base Rate over the 2023/24 financial year. It is expected that this volatility will reduce although rates may remain high and this creates additional costs. The council has been and will continue to mitigate these additional costs through the maximisation of its treasury investments to ensure the best interest rates are achieved whilst minimising the risk and maintaining liquidity.
- 8.5 The next 12 months therefore sees a Budget period in which the management of costs and the monitoring of Business Rates will be key.
- 8.6 The normal risks around in-year pressures on spending and income will be dealt with via our well-developed budget reporting mechanisms, which not only displays how much is spent each month within the Council but requires Service Managers to estimate their spend to the end of the year. We should therefore receive early warnings of any overspends allowing corrective action to be taken. Reserve Levels are also sufficient to allow us to be protected from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.

CONSULTATION

This year we are asking the public and businesses to attend a meeting of the Council's Overview and Scrutiny Meeting on the Budget which takes place at 3:00pm on 20th February 2024. Details can be found on the Council's website. At this meeting all those who join us will get to hear the questions put to each of the main parties around their Budget proposals and the public as well as businesses representatives will be invited to put questions to the Leaders of each group and make any general comments. This direct involvement with the public and businesses at this key meeting to debate the Cabinet's budget proposals is seen as a continuing innovative way to engage the public and create a dialogue that informs Councillors and the public of the choices and difficulties around setting the budget.

The Council Tax due to Hyndburn Borough Council for each property by Band is shown at Appendix 4.

The overall estimated Council Tax per household for 2024/25 is shown at Appendix 5.

CONCLUSION

The overall Revenue Budget 2024/25 is set out at Appendix 2. The Budget for 2024/25 will be £15,998,500 and will be supported by a Council Tax levy of £268.43 for a Band D property—translating into a revenue source of £5.931m to meet services to the local community. The Budget has been determined in light of continuing upward

pressure on costs, the additional costs associated with the War in Ukraine, previous financial difficulties that continue to overhang the Council, the available funding from Government and the Council's strong desire to provide high levels of service to the Community in line with its priorities.



APPENDIX 1

INITIAL OUTLINE BUDGET

2024/25

Initial Outline Budget 2024/25	£'000
<u>Resources</u>	
Revenue Support Grant	(2,041)
Support Grant	(106)
New Homes Bonus	(118)
Council Tax	(5,931)
Business Rates	(7,803)
Total Resources Available 2024/25	(15,999)
<u>Net Expenditure</u>	
Roll Forward Budget	14,383
Net Expenditure Increase	
Inflationary Increases	1,065
Budget Pressures	308
Growth Items	170
Contributions to/from Reserves	179
Total	1,722
Unadjusted Predicted Spend	16,105
Savings Required	106
Savings Identified	
Corporate Savings Target 0.66%	(106)
Predicted Spend 2024/25	15,999
Unfunded Spend at this Time	-

APPENDIX 2

REVENUE BUDGET

2024/25

Revenue Budget 2024/25	£'000
<u>Service Expenditure</u>	
Resources	4,598
Legal and Democratic	2,087
Planning & Transportation	725
Environmental Services	5,164
Environmental Health	840
Regeneration & Housing	1,463
Subtotal	14,877
Non-Service	1,238
Net Cost of Services	16,115
Contributions to and (from) Reserves	(116)
Net Total Expenditure	15,999
Band D Property 2023/24	£260.64
Band D Property 2024/25	£268.43
Increase on Previous Year	£7.79
% Increase on Previous Year	2.99%
Band A Property 2023/24	£173.76
Band A Property 2024/25	£178.95
Increase on Previous Year	£5.19
% Increase on Previous Year	2.99%

APPENDIX 3

BUDGET MOVEMENTS IN YEAR

2024/25

	£'000
<u>Available Resources</u>	15,999
Previous Year Budget 2023/2024	14,383
Net Expenditure Increases	
Inflationary Increases	
Salaries & Wages	1,222
Utilities	(458)
Supplies & Services	1,142
Increases in Service Income	(538)
HB Admin & Subsidy	(327)
Interest and Capital Financing Changes	24
Sub-Total	1,065
Budget Pressures	
Vehicle Repairs & Maintenance	100
Property & Buildings Maintenance	158
Off Street Parking & Street Nameplates	22
Planning / Development Control	15
Kennelling Fee Contract	10
Member Training	4
Sub-Total	308
Growth Items	
New POPS / Household Waste Service	85
MOT Costs - Taxi Licensing	5
Oswaldtwistle Theatre Running Costs	60
Economic Development	20
Sub-Total	170
Contributions to/from Reserves	179
Total Net Expenditure Increases	1,722
Spend Total	16,105
Less Corporate Savings Target	(106)
Budget Spend	15,999
Budget Gap in Year	0

APPENDIX 4

HBC TAX INCREASE 2024/25

BY PROPERTY BAND

Valuation Band and Statutory ratios of Band D Council Tax	Ratio	Council Tax		
		2023/2024	2024/2025	Annual Increase
Band A	6/9	£ 173.76	£ 178.96	£ 5.20
Band B	7/9	£ 202.72	£ 208.78	£ 6.06
Band C	8/9	£ 231.68	£ 238.61	£ 6.93
Band D	9/9	£ 260.64	£ 268.43	£ 7.79
Band E	11/9	£ 318.56	£ 328.08	£ 9.52
Band F	13/9	£ 376.48	£ 387.74	£ 11.26
Band G	15/9	£ 434.40	£ 447.39	£ 12.99
Band H	18/9	£ 521.28	£ 536.87	£ 15.59

APPENDIX 5

ESTIMATED OVERALL CHANGE

IN COUNCIL TAX

2024/25

Council Tax Schedule	2024/2025									Change Between 2023/2024 and 2024/2025								
	Band AA	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Band AA	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Hyndburn Borough Council	149.13	178.95	208.78	238.60	268.43	328.08	387.73	447.38	536.86	4.33	5.19	6.06	6.92	7.79	9.52	11.25	12.98	15.58
Lancashire County Council	918.49	1,102.19	1,285.89	1,469.59	1,653.29	2,020.69	2,388.09	2,755.48	3,306.58	43.66	52.39	61.12	69.85	78.58	96.04	113.50	130.97	157.16
Lancashire Police & Crime	146.92	176.30	205.68	235.07	264.45	323.22	381.98	440.75	528.90	7.22	8.67	10.11	11.56	13.00	15.89	18.78	21.67	26.00
Lancashire Fire & Rescue Authority	47.07	56.49	65.90	75.32	84.73	103.56	122.39	141.22	169.46	1.37	1.64	1.91	2.19	2.46	3.01	3.55	4.10	4.92
Total Council Tax	1,261.61	1,513.93	1,766.26	2,018.58	2,270.90	2,775.54	3,280.19	3,784.83	4,541.80	56.57	67.89	79.20	90.52	101.83	124.46	147.09	169.72	203.66
Parish Precepts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Altham Parish Council	23.99	28.79	33.58	38.38	43.18	52.78	62.37	71.97	86.36	1.14	1.37	1.59	1.82	2.05	2.51	2.96	3.42	4.10
Altham Parish Council &	173.12	207.74	242.36	276.99	311.61	380.86	450.10	519.35	623.22	1.14	1.37	1.59	1.82	2.05	2.51	2.96	3.42	4.10
Total for Altham Parish Properties	1,285.60	1,542.72	1,799.84	2,056.96	2,314.08	2,828.32	3,342.56	3,856.80	4,628.16	57.71	69.25	80.80	92.34	103.88	126.96	150.05	173.13	207.76

APPENDIX 6

ALTHAM PARISH PRECEPT

BY PROPERTY VALUATION BAND

2024/25

Valuation Band and Statutory ratios of Band	Ratio	2023/2024	2024/2025	Annual Increase
Band AA	5/9	£10.52	£11.06	£0.54
Band A	6/9	£18.93	£19.90	£0.97
Band B	7/9	£28.39	£29.85	£1.46
Band C	8/9	£36.51	£38.38	£1.88
Band D	9/9	£41.07	£43.18	£2.11
Band E	11/9	£50.20	£52.78	£2.58
Band F	13/9	£59.32	£62.37	£3.05
Band G	15/9	£68.45	£71.97	£3.52
Band H	18/9	£82.14	£86.36	£4.22