

<b>Report to:</b>	Scrutiny & Overview Committee	18 January 2024
<b>Lead Cabinet Member:</b>	John Williams - Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock - Head of Finance	

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## Detailed Directorate Draft Budgets 2024/25

### Executive Summary

1. This report presents Scrutiny & Overview Committee with the Councils detailed budget packs for each of the Council's service areas these are at appendices 1 to 7 which are General Fund (GF) budgets. Each pack forms a part of the budget that will be presented to Cabinet on 6 February 2024 before going on to the Council budget setting meeting on 27 February 2024. These are the draft figures for 2024/25 and an update for 2023/24 referred to as the probable outturn.
2. The provision of the detailed budget packs enables the Committee to review, comment and approve onward submission to Cabinet.

### Key Decision

3. No

### Recommendations

4. It is recommended that Scrutiny & Overview Committee consider and review the budget packs as presented and make recommendations to Cabinet as appropriate prior to adoption by Council.

### Reasons for Recommendations

5. The budget packs contain a vast amount of financial and narrative information therefore scrutiny of the information by this committee will be helpful in ensuring the information is complete, accurate and easy to follow.

### Details

#### Budget Packs

6. It is appropriate for Scrutiny & Overview Committee to consider and review the detailed budget packs for the General Fund before making recommendations and onward submission to Cabinet for inclusion in the final budget.
7. A budget pack is presented for each service area numbered from appendices 1 to 7 on a service by service basis and made up of a number of pages, the purpose of each page(s) are detailed below.
8. A front sheet giving the title of the service area and the budget year.
9. A summary page listing the main budget categories. The first part of the table lists the direct services, that is those that are charged directly to the GF in the case of appendices 1 to 7. The total shown as 'Service area total' is the amount that is borne by the GF. The second part lists the indirect services provided and these are recharged to other services within the GF or the HRA as appropriate. The total here is the overall spend of the service area in question. The final analysis shows how much of the net budget of each service area is borne by the GF and how much by Earmarked Reserves. The amounts funded by earmarked reserves are of a one off nature with a timeframe generally not exceeding three years.
10. The next pages show the detail behind the summary at individual budget heading level and include figures on a budget by budget basis with some narrative explaining what the budget is for and commenting on any major movements between years. The total on each page corresponds to a line total on the aforementioned summary page.
11. The final page is a subjective analysis and shows the budget by types of expenditure. The headings used are those determined by Service code of Practice (SeRCOP) generally adopted by local authorities.
12. The budget packs will feed into a budget summary to be provided to the Cabinet meeting in February along with other corporate amounts and taxation income some of which has yet to be set or ratified.
13. There are several significant changes to the budget process, one change relates to Support Service Allocations. The requirement to allocate out all support services was made discretionary several years ago. This process is quite time consuming but made the allocation of the appropriate level of Support Services to the HRA transparent and clear. The budget has been prepared based on allocations only to the HRA, Council Subsidiaries, shared services, and corporate activities so this will mean some significant movements in some areas as support services have no longer been allocated there. It is fair to say the revised process was not as easy as expected and once the budgets are complete a review will be undertaken to assess whether we continue with this or revert to the previous approach.
14. The second change relates to non-operational budgets whereby pension related accounting adjustments and Capital Financing charges are not included within the detailed budget packs primarily because these are reversed out below the net cost of services line as they are an accounting adjustment and should not impact on the general fund balance or the Council Tax. It is felt that these changes improve the clarity of the detailed budgets.
15. The provisional settlement received on 18 December 2023 shows that grant income for 2024/25 is in line with that predicted in the Medium Term Financial Strategy presented to this Committee during the autumn. This showed a budget surplus of around £4m for next year. There is still a likelihood of a significant budget gap emerging in 2026/27 when it is expected that the Fair funding review (FFR) will be implemented.

## **Options**

16. The option of not considering the budget reports exists but is not recommended.

## **Implications**

17. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

## **Financial and Fraud Risk**

18. The figures included will form part of the overall budget that will be presented to Cabinet on 06 February 2024 and Council on 27 February 2024.

19. There are no fraud risks identified as a result of this report.

## **Legal**

20. The Council is required by law to set a balanced revenue budget each year. There are two specific dates in relation to budget and Council Tax setting that are required by statute to be achieved. Firstly, it is a requirement that each local authority approves its Revenue Budget by 28 February each year for the forthcoming financial year. Secondly, a billing authority (i.e. this Council) is required to set the Council Tax for its area by 11 March each year for the forthcoming financial year.

## **Risks/Opportunities**

21. The figures presented are estimates and there is always a risk that actual spend will exceed budgets set and this could be down to a number of different factors such as inflation over and above that assumed in budget setting, shortfalls in income or unexpected but essential spend. Equally actual spend could be below budget. The council does hold unearmarked balances for both the GF and these act as a form of contingency in these circumstances. There is also a general contingency of £250,000 in the GF budget.

## **Consultation responses**

22. None, except budget holders.

## **Background Papers**

The following documents are relevant to this report:

- General Fund Budget Report – Report to Cabinet: 06 February 2023
- General Fund Budget – Report to Council: 21 February 2023

- Medium Term Financial Strategy – Report to Cabinet: 07 November 2023

## **Appendices**

Appendix 1 -7: Service area budgets charged to the General Fund

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