

General Fund Budget Setting Report (BSR) - Supplementary Information

Council 15 February 2024

Updates for Council

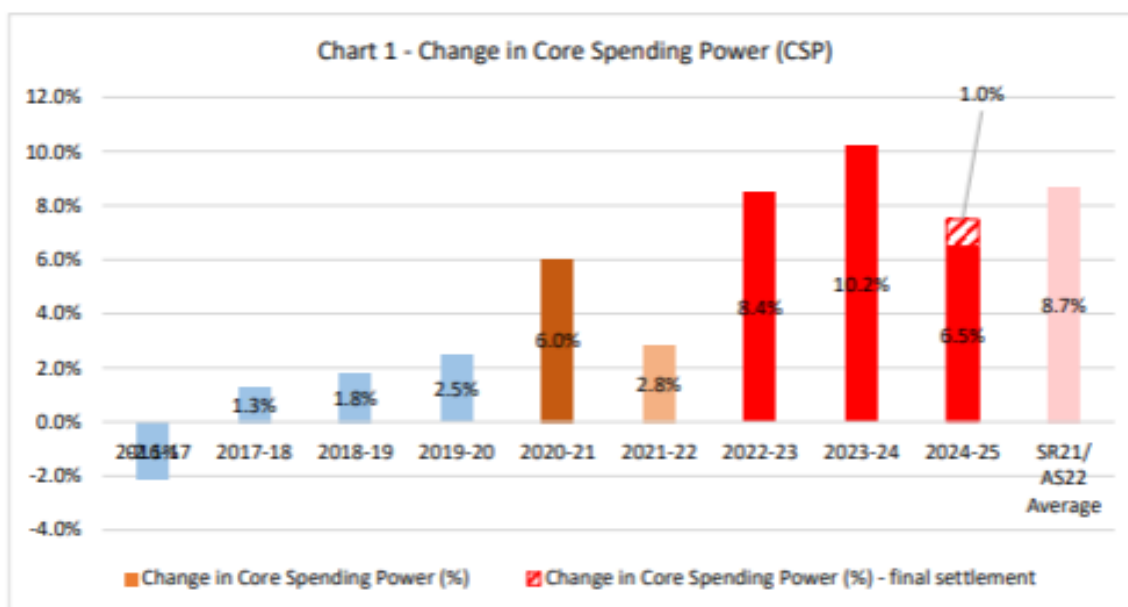
Recommendation 2(c) page 238 – Council Tax Setting – for approval.

The recommendation refers to Appendix A(b), pages 294 and 295 of the agenda. Following approval and formal notification by the preceptors, an updated version of the appendix is attached for approval. Amendments are **highlighted** and underlined.

Final local government finance settlement

The final local government finance settlement was published on 5 February 2024. As the council's funding has increased as a result, a summary of the changes is included and updated BSR tables provided.

The headline increase in funding for 2024/25 for the local authority sector was £600m. £500m of this was targeted at authorities with social care responsibilities. The overall increase in Core Spending Power (CSP) was 6.5%. The council's increase is 6.12%.



Core Spending Power table - page 260

| Core Spending Power (CSP) - £m | 2023/24 Final finance settlement | MTFS 2023 | 2024/25 Provisional finance settlement | 2024/25 Final finance settlement | Final 2024/25 change from 2023/24 |
|--|----------------------------------|---------------|--|----------------------------------|-----------------------------------|
| Settlement Funding Assessment (SFA), including Revenue Support Grant (RSG) | 4.591 | 4.601 | 4.853 | 4.853 | 5.71% |
| Core funding grants, including funding guarantee | 4.634 | 5.097 | 3.201 | 3.393 | -26.78% |
| New Homes Bonus (NHB) | 0.053 | 0.053 | 1.733 | 1.733 | 3169.81% |
| Council Tax ¹ | 9.712 | 10.306 | 10.173 | 10.173 | 4.75% |
| | 18.990 | 20.057 | 19.960 | 20.152 | 6.12% |

The increase in funding for 2024/25 is £263k, and the outlook for 2025/26 has been increased by £285k as a result.

Future prospects - page 261

| Core Spending Power (£m) | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Business rates income | 9.996 | 10.178 | 8.606 | 9.314 | 10.065 |
| Less: Business rates growth | (5.313) | (5.414) | (3.761) | (4.389) | (5.052) |
| Baseline Funding Level | 4.683 | 4.764 | 4.845 | 4.925 | 5.013 |
| Revenue Support Grant | 0.170 | 0.174 | 2.480 | 2.400 | 2.312 |
| Grants | 5.176 | 4.849 | 0.000 | 0.000 | 0.000 |
| Council Tax | 10.253 | 10.651 | 11.113 | 11.591 | 12.035 |
| | 20.282 | 20.438 | 18.438 | 18.916 | 19.360 |

As a result, contribution from reserves required to balance the 2025/25 budget has reduced by £263k to £1,634k. However, as the medium term outlook on funding remains uncertain, there is minimal impact on the resulting four year budget gap of £9.5m.

Savings requirements - page 268

| Savings requirements - £000 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Net savings requirement – new each year (MTFS 2022) | 2,339 | 1,028 | 4,589 | 1,846 | 1,251 | 11,053 |
| Net savings requirement – cumulative (MTFS 2023) | 2,339 | 3,367 | 7,956 | 9,802 | 11,053 | |
| Reduced income | 762 | 650 | 650 | 650 | 650 | |
| Bids | 576 | 350 | 350 | 350 | 350 | |
| Savings | (1,172) | (972) | (972) | (972) | (972) | |
| Increased income | (309) | (359) | (229) | (229) | (229) | |
| Net bids and savings | (143) | (331) | (201) | (201) | (201) | |
| Use of business rates growth to fund services | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | |
| (Increase) / decrease in baseline funding level compared with MTFS 2023 | (82) | (71) | 2,392 | 2,312 | 2,224 | |
| Decrease / (increase) in core grants and RSG compared with MTFS 2023 | <u>(196)</u> | <u>120</u> | <u>(2,480)</u> | <u>(2,400)</u> | <u>(2,312)</u> | |
| 10% NHB transferred to GCP investment and delivery fund | 173 | | | | | |
| Decrease in council tax income - change in tax base and 2.99% increase | 53 | 55 | 55 | 56 | 57 | |
| Collection fund surplus - council tax | (123) | | | | | |
| Collection fund deficit - business rates | 1,237 | | | | | |
| Technical adjustments | (130) | (130) | (130) | (130) | (130) | |
| Contribution from reserves | <u>(1,634)</u> | | | | | |
| Total funding changes | <u>(2,202)</u> | <u>(1,526)</u> | <u>(1,663)</u> | <u>(1,662)</u> | <u>(1,661)</u> | |
| Change to indicative cost of capital financing strategy | 6 | 57 | 137 | 207 | 260 | |
| Total changes to savings requirements | <u>(2,339)</u> | <u>(1,800)</u> | <u>(1,727)</u> | <u>(1,656)</u> | <u>(1,602)</u> | |
| Revised net savings requirement - cumulative | <u>0</u> | <u>1,567</u> | <u>6,229</u> | <u>8,146</u> | <u>9,451</u> | |
| Revised net savings requirement -new each year | <u>0</u> | <u>1,567</u> | <u>4,662</u> | <u>1,917</u> | <u>1,305</u> | <u>9,451</u> |

As a result of this, the forecast balance on the general reserve is £263k higher throughout the period, assuming that net savings are delivered in line with the budget gaps identified.

General reserves - page 278

| GF reserve £'000s | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Balance at 1 April (b/fwd) | (28,061) | (22,987) | 587 | 1,637 | 1,687 | 1,737 |
| Contingency funding for adults with multiple disadvantages programme - BSR 2023/23 | 60 | 60 | | | | |
| WREN solar project - approved MTFs 2022 and BSR 2023/24 | 1,470 | 130 | | | | |
| Budgeted contribution to reserves per approved 2023/24 budget | (932) | | | | | |
| 2022/23 Carry forwards | 1,568 | | | | | |
| 2023/24 Funding approved at outturn – Greater Cambridge Impact (£200k)/Place Group Programme Delivery (£218k)/Climate Change Reserve (£80k) | 498 | | | | | |
| Funding approved at MTFs for 2023/24 pay award above 3% assumption in 2023/24 BSR | 651 | | | | | |
| Funding approved at MTFs to complete Our Cambridge transformation programme | 700 | | | | | |
| Restructuring arising from Phase 1 of City Services Review | 548 | | | | | |
| Application of previously approved funding in service budgets for capital projects | 511 | | | | | |
| Transfer to Civic Quarter Development Reserve | | 20,000 | | | | |
| Transfer to Climate Change Fund | | 750 | | | | |
| Contribution to balance 2024/25 budget | | 1,634 | | | | |
| <i>Indicative funding for further restructuring arising from future phases of Our Cambridge</i> | | 1,000 | 1,000 | | | |
| <i>Indicative funding for the Climate Change Fund (CCF)</i> | | | 50 | 50 | 50 | 50 |
| Balance at 31 March before business rates growth (c/fwd) | (22,987) | 587 | 1,637 | 1,687 | 1,737 | 1,787 |
| Business rates growth – indicative growth element (at risk) | (7,400) | (5,313) | (5,414) | (3,761) | (4,389) | (5,052) |
| Use of business rates growth to fund services | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Balance at 31 March including business rates growth | (28,887) | (9,126) | (11,990) | (14,201) | (17,040) | (20,542) |

Appendix A (b)

Council Tax Setting 2024/25

1. The Council calculated its Council Tax Base 2024/25 for the whole Council area as **45,490** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2024/25 is **£10,252,991.10**.
3. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:

- | | | |
|-----|------------------------|--|
| (a) | £220,831,839.10 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act |
| (b) | £210,578,848.00 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act |
| (c) | £10,252,991.10 | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. [Item R in the formula in Section 31B of the Act] |
| (d) | £225.39 | being the amount at 3(c) above (Item R), all divided by the amount at 1 above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. |

4. To note that Cambridgeshire County Council, the Cambridgeshire Police & Crime Commissioner Cambridgeshire & Peterborough Fire Authority, and the Cambridgeshire & Peterborough Combined Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2024/25 for each of the categories of dwellings in the Council's area.

| Dwelling Band | City Council £ | County Council £ | Police & Crime Commissioner £ | Fire Authority £ | Cambridgeshire & Peterborough Combined Authority £ | Aggregate Council Tax £ |
|---------------|-------------------|---------------------|----------------------------------|---------------------|---|----------------------------|
| A | 150.26 | 1,079.88 | <u>190.32</u> | 54.84 | 24.00 | <u>1,499.30</u> |
| B | 175.30 | 1,259.86 | <u>222.04</u> | 63.98 | 28.00 | <u>1,749.18</u> |
| C | 200.35 | 1,439.84 | <u>253.76</u> | 73.12 | 32.00 | <u>1,999.07</u> |
| D | 225.39 | 1,619.82 | <u>285.48</u> | 82.26 | 36.00 | <u>2,248.95</u> |
| E | 275.48 | 1,979.78 | <u>348.92</u> | 100.54 | 44.00 | <u>2,748.72</u> |
| F | 325.56 | 2,339.74 | <u>412.36</u> | 118.82 | 52.00 | <u>3,248.48</u> |
| G | 375.65 | 2,699.70 | <u>475.80</u> | 137.10 | 60.00 | <u>3,748.25</u> |
| H | 450.78 | 3,239.64 | <u>570.96</u> | 164.52 | 72.00 | <u>4,497.90</u> |

The Council determines that, in accordance with Section 52ZB of the Local Government Finance Act 1992, the basic amount of its council tax for 2024/25 is not excessive