

2024/25 REVENUE AND CAPITAL BUDGET APPROVAL

AGENDA ITEM NO 10

MEETING: POLICY AND RESOURCES

DATE: 24TH JANUARY 2024

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

- 1.1 The purpose of this report is to seek approval from Members for the setting of the Council's 2024/25 Revenue and Capital Budget.
- 1.2 The approval of the 2024/25 Revenue and Capital Budget at this meeting will enable the 2024/25 Precept and Town Council Tax to be set at the Council meeting next week and will be communicated and confirmed with Durham County Council following that meeting.

2.0 Background to the Report

- 2.1 Members considered the initial draft Revenue and Capital Budget at the meetings of the Recreation and Environment Committees on 18th October 2023 and the Policy and Resources Committee on 25th October 2023.
- 2.2 These reports provided the background to, and the detail behind, the initial development of the 2024/25 Revenue and Capital Budget.
- 2.3 A brief reminder of the key issues from the consideration and approval of the draft 2024/25 Revenue and Capital Budget is set out in the following section of the report for Members' information.

3.0 2024/25 Draft Revenue and Capital Budget

- 3.1 The draft 2024/25 Revenue Budget was prepared on the basis of 'business as usual', for the next financial year, and on the principle of continuing to provide all Council services, facilities and events and maintaining current standards of service.
- 3.2 The draft 2024/25 Revenue Budget also reflected the established principle of safeguarding and replenishing the Council's balances and reserves and therefore continued to include surplus resources via a contingency sum and contribution to capital reserves.
- 3.3 The initial draft 2024/25 Revenue Budget was considered on the basis of a 5.19% increase in the Town Council Tax.
- 3.4 This increase was made up of a core Town Council increase of 2.23%, with an additional 2.96% increase relating to the cut to the Local Council Tax Reduction Scheme funding by Durham County Council.

- 3.5 However, after receiving the final notification of the Council Tax Base and Local Council Tax Reduction Scheme Grant allocation from Durham County Council, the grant cut will be less than initially indicated and the total draft increase in Town Council Tax has therefore reduced to 4.38%.
- 3.6 This would increase the Town Council Tax at Valuation Band A by £8.01 per year from £182.79 to £190.80.
- 3.7 With regards to the draft 2024/25 Capital Programme Budget, it was agreed that capital investment would continue to be closely scrutinised and controlled to protect the Council's balances and reserves moving forward, and as such only essential capital investment mainly linked to the delivery of the Council's Asset Management Plan was included.
- 3.8 An initial draft 2024/25 Capital Programme Budget totalling £333,450 was reported to the Council. However, following an officer and member review of the projects included in line with the above principle of undertaking only essential investment, as well as two projects being brought forward to the current financial year and a small budget in relation to rapid deployment CCTV cameras, a much lower 2024/25 Capital Programme Budget was agreed, totalling £156,350.
- 3.9 Members will recall that it was stressed at the time the draft budget was approved, that the budget proposals were subject to change in relation to a number of ongoing issues and possible future developments including:-
- the final notification of the Council Tax Support Grant and Council Tax Base figures;
 - the impact on income and expenditure budgets of the ongoing cost-of-living crisis;
 - inflationary pressures on the cost of goods and services.
- 3.10 It was highlighted that the Council would need to respond to the latest situation in relation to these issues, as well as any other unforeseen developments, prior to the final budgets being approved and the Precept being set in January.
- 3.11 The following sections of this report will therefore concentrate upon the latest situation in relation to any outstanding budget issues and new developments since the draft budgets were approved and highlight how these have impacted upon the final 2024/25 Revenue and Capital Budget and the revised proposed 4.38% increase in the Town Council Tax.
- 3.12 However, it is important to draw Members attention, as previously reported, to the fact that if the cut in the Local Council Tax Reduction Scheme Grant by Durham County Council had not been implemented, the final 2024/25 Revenue Budget would be showing a reduced increase in Council Tax for next year at 2.65%

4.0 Final 2024/25 Revenue Budget Proposals

- 4.1 The draft 2024/25 Revenue Budget proposals, as reported to the October cycle of Committee meetings, included detailed commentary on the key budget changes relating to each individual service revenue budget, and it is not intended to repeat any of this information in this report.
- 4.2 This report will concentrate instead on the outcome of the various outstanding issues, as well as any new developments since the draft budget was approved, and the changes that have subsequently needed to be made to the draft Revenue Budget.
- 4.3 The final 2024/25 Revenue Budget has been updated to take into account the financial impact of the following issues:-
- Final notification of the Council Tax Support Grant figure for 2024/25 from Durham County Council;
 - Final notification of the 2024/25 Council Tax Base figure from Durham County Council;
 - Changes to staffing budgets to incorporate any approved staffing changes, staff turnover and recent recruitment exercises;
 - General inflationary pressures;
 - Any approved changes agreed by the Council following the consideration of the draft budgets at the previous meetings;
 - Consideration and incorporation of any feedback received from individual Members following those meetings;
 - Consideration of feedback from the local community in response to the online budget survey;
 - Adjustments to the budget figures to take account of the latest income and expenditure projections for the current financial year;
 - Adjustments to budget figures to take account of any other new developments.
- 4.4 The outcome and final financial impact of each of the above issues is provided in the following section of the report.

Council Tax Support Grant and Council Tax Base

- 4.5 A letter was received from Durham County Council dated 6th November 2023 confirming the final Council Tax Support Grant figure and Council Tax Base for 2024/25.
- 4.6 The Council's Council Tax Support Grant payment for 2024/25 will be £172,177, which is a reduction of £32,734 on 2023/24, and around £23,500 higher than originally indicated at the time the draft budgets were set. The increase is due to Durham County Council phasing the 50% reduction in the grant over three years rather than the two years as originally proposed.
- 4.7 The Council Tax Base (the number of properties on which the Council Tax is set) for 2024/25 is 6,899.8, which is an increase of 4.1 properties on 2023/24. This is lower than the tax base figure of 6,928.1 originally indicated by Durham County Council when the draft budgets were set, and offsets some of the financial gain from the lower Council Tax Support Grant cut.

2024/25 Local Government Pay Award

- 4.8 The Council's draft 2024/25 Revenue Budget provided for a pay increase of 5% for all staff.
- 4.9 There have been no further updates in relation to the pay award for 2024/25.
- 4.10 If a higher pay award was subsequently agreed for 2024/25, this would need to be funded via use of the contingency sum and, potentially, balances.

Other Revenue Budget Changes

- 4.11 There has been a saving in the Corporate Section staffing budget following the advertisement of the recently vacated Corporate Assistant post, as it is expected that the new post holder will commence employment at a lower point in the salary grade.
- 4.12 There has been an increase in the Golf Complex staffing budget following the Council approval to establish an additional permanent part time Golf Shop Assistant post (partly funded from savings on casual cover).
- 4.13 The Information Technology Budget has been increased slightly to incorporate the cost of cyber security support, ensuring the Council is adequately placed to mitigate any cyber security threats.
- 4.14 There has been a small increase in investment income as a result of the reduced Capital Programme Budget which will have a positive impact on the level of reserves and balances.
- 4.15 There have been no other approved Council decisions affecting the 2024/25 Revenue Budget, other than those identified in 4.11 and 4.12, and there have been no proposed amendments from Members of the Council following their consideration of the draft revenue budgets in October.
- 4.16 In relation to the budget survey and the specific questions relating to the 2024/25 budget setting within it, a number of comments and suggestions have been received, whilst there is also some useful feedback on priorities for investment and disinvestment which Members may wish to take into account in considering the final 2024/25 Revenue and Capital Budget proposals. Further details are set out in Section 8 of the report.
- 4.17 Finally, there have been a small number of minor amendments required to the 2024/25 Revenue Budget to take account of the latest income and expenditure projections for the current financial year, as reported in the 2023/24 Expected Outturn Report.
- 4.18 These budget changes are in relation to an increase in golf affiliation fees which have been offset by the increase in fees and charges as agreed by Policy and Resources in October.
- 4.19 However, it should also be noted that most additional general inflationary pressures have been absorbed within the Revenue Budget.

Revenue Budget Contingency Sum

- 4.20 In light of the net additional budget pressures provided for in the final 2024/25 Revenue Budget, a total of £1,500 has been removed from the contingency sum budget to balance the budget.
- 4.21 There is now a total of £13,500 set aside in the contingency sum, which will provide limited surplus resources to offset any unforeseen costs in 2024/25 including a higher-than-expected pay award or any further costs related to the cost-of-living crisis.

Council Tax Referendum Limit

- 4.22 The Government has recently announced that it does not propose to set 'referendum principles' for higher spending parish and town councils in 2024/25, which means the Council is free to increase the Town Council Tax next year without any restrictions.

Overall Summary of the 2024/25 Revenue Budget

- 4.23 A full copy of the final 2024/25 Revenue Budget broken down by each committee, and showing the individual budgets for each service area, is attached at **Appendix 1**.
- 4.24 In addition, a detailed breakdown and explanation of the changes made to the Revenue Budget, since the consideration and approval of the draft budgets in October, is attached at **Appendix 2**.
- 4.25 The final 2024/25 Revenue Budget set out in this report and the attached appendices is largely based on the previously approved draft 2024/25 Revenue Budget and the agreement, in principle, to increase the Revenue Budget in line with the overall reduction in Council Tax Support Grant and updated to take into account the various changes referred to in previous sections of this report.

4.26 A summary of the overall 2024/25 Revenue Budget is set out below:-

Overall Summary of the 2024/25 Revenue Budget

Budget 2023/24 £	Budget Description	Inflation and Committed Growth £	Investment in Services £	Savings and Increased Income £	Budget 2024/25 £
836,450	Policy and Resources	143,450	-	(86,450)	893,450
965,700	Recreation	149,400	-	(173,500)	941,600
228,500	Environment	2,400	-	(7,500)	223,400
15,000	Contingency Sum	-	-	(1,500)	13,500
50,000	Contribution to Reserves	25,000	-	-	75,000
(204,911)	Less Council Tax Grant	32,734	-	-	(172,177)
1,890,739	Council Precept	352,984	-	(268,950)	1,974,773
6,895.7	Council Tax Base	-	-	-	6,899.8
274.19	Band D Council Tax	-	-	-	286.21
182.79	Band A Council Tax	-	-	-	190.80
7.5%	% Increase / (Decrease)	-	-	-	4.38%
Calculation of Town Council Tax excluding LCTRS grant reduction					
1,890,739	Council Precept				1,942,039
6,895.7	Council Tax Base				6,899.8
274.19	Band D Council Tax				281.46
182.79	Band A Council Tax				187.64
7.5%	% Increase / (Decrease)				2.65%

4.27 In overall terms, **agreement of the final 2024/25 Revenue Budget** as set out above and attached in detail at Appendix 1, **would result in a 2024/25 Council Precept of £1,974,773**, which is an increase of £84,034 or 4.4% on the 2023/24 Precept.

4.28 Based on the final Council Tax Base figure, as notified by Durham County Council of 6,899.8, which represents a year-on-year small increase of 4.1 properties, **this level of Precept would result in a 4.38% increase in the Town Council Tax.**

4.29 **However, it is important to draw members attention to the fact that if the cut in the Council Tax Support Grant had not been agreed by Durham County Council the Revenue Budget would be showing a reduced increase in Council Tax for next year at 2.65%.**

4.30 The final 2024/25 Revenue Budget continues to include a contribution to capital reserves, which has been increased from £50,000 to £75,000 in order to help to replenish the Council's earmarked capital reserves each year.

- 4.31 As highlighted earlier, the contingency sum has been reduced to £13,500. The contingency sum provides limited surplus resources which could be used next year to fund any unforeseen budget issues such as a higher than budgeted pay award, inflationary pressures, or income losses.
- 4.32 In overall terms, whilst the setting of the proposed 2024/25 Revenue Budget has been challenging, there have been some positive budget developments and an improvement in the Council's financial situation since last year.
- 4.33 The 2024/25 Revenue Budget therefore makes prudent provision for the various changes in income and expenditure and will enable the Council to maintain all services, facilities and events next year, whilst keeping the increase in the Precept and Town Council Tax to a minimum.
- 4.34 However, it is important to stress that following on from the 2023/24 budget setting process, where significant savings were identified and implemented to offset the significant inflationary pressures faced and keep the Town Council Tax as low as possible, most Council budgets have now been stripped down to the bare minimum with little scope in the budget for absorbing any further increases in costs or falls in income if the cost-of-living crisis continues or if there are any further unforeseen budget pressures. There is therefore a risk that some of the assumptions made, and the budget provision subsequently put in place may not be sufficient.
- 4.35 It is also considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves, and this will make the full replenishment of the Council's balances and reserves moving forward very difficult.
- 4.36 In light of the medium-term challenges faced in relation to inflationary pressures, the National Living Wage and local government pay, further cuts to Council Tax Support Grant and the need replenish council balances and reserves, no additional budget has been put in place for further investment in existing services or for the development of any new services.
- 4.37 Any additional investment, if this was agreed by the Council, would need to be funded from the contingency sum, reducing the contribution to capital reserves, the implementation of a higher council tax increase, or by identifying savings in existing budgets.
- 4.38 The update of the Council's Medium Term Financial Plan later in the year will continue to be crucial in forecasting the longer-term impact on the Council's finances of the ongoing economic difficulties and will seek to shape the Council's financial strategy for the coming years.

5.0 2024/25 Town Council Tax

- 5.1 The Town Council Tax is calculated using the 'Tax Base' figure for the Great Aycliffe Parish.
- 5.2 The Tax Base is calculated by Durham County Council, as the Council Tax Billing Authority, for every Parish in the County.
- 5.3 The Tax Base is a calculation of the number of 'chargeable' properties in the Great Aycliffe Parish for council tax calculation purposes.
- 5.4 The total number of properties in the Parish is adjusted to take account of the numbers of households in receipt of council tax support, discounts, and exemptions, as well as empty properties, and the council tax collection rate.
- 5.5 The Town Council Tax is calculated by dividing the Council Precept by the Tax Base figure. This provides the Band D Council Tax figure.
- 5.6 The Council's 2023/24 Tax Base figure was 6,895.7 properties.
- 5.7 The final Council Tax Base figure for 2024/25 has been notified by Durham County Council at 6,899.8.
- 5.8 This is a very small increase of 4.1 properties.
- 5.9 The Council's 2024/25 Precept, as based on the 2024/25 Revenue Budget attached at Appendix 1, would need to be set at £1,974,773.
- 5.10 **Based on the final 2024/25 Tax Base figure of 6,899.8 properties, setting the Council Precept at £1,974,773 would result in a Band D Town Council Tax of £286.21.**
- 5.11 **This is an increase of £12.02 per year, which equates to £1.00 per month or 23p per week.**
- 5.12 **This represents a 4.38% increase in the Town Council Tax.**
- 5.13 **The Town Council Tax at Valuation Band A, which is the valuation band within which nearly 60% of the properties in the Parish are currently valued, would be at £190.80. This represents an increase of £8.01 per year or 67p per month or 15p per week.**
- 5.14 **However, it is important to point out that the 2024/25 Revenue Budget includes the £32,734 reduction by Durham County Council in Council Tax Support Grant.**
- 5.15 **If this cut in grant had not gone ahead, the level of 2024/25 Precept would have reduced to £1,942,039, which would have resulted in a lower Council Tax Increase next year of 2.65%.**
- 5.16 This would have represented an increase of £7.27 per year of 60p per month on the Band D Town Council Tax to £281.46 per year, or a £4.85 per year or 40p per month increase on the Band A Council Tax to £187.64 per year.

- 5.17 Even though the 2024/25 Revenue Budget includes a number of cost increases and falls in income as a result of the economic situation, it is important to stress that the Revenue Budget will still enable the Council to maintain all services, facilities and events next year, whilst retaining a £13,500 contingency sum and a £75,000 contribution to capital reserves.
- 5.18 This will assist the Council in partially replenishing its earmarked capital reserves at a time when they are likely to be depleted financing capital investment over the medium to long term, whilst also ensuring that some surplus resources are available to fund any additional or unforeseen budget commitments.
- 5.19 For information, if the Council chose to freeze the Town Council Tax next year in recognition of the ongoing cost-of-living crisis being faced by local taxpayers, a total of £83,000 in additional savings would need to be found in the 2024/25 Revenue Budget.
- 5.20 Ultimately, the Council needs to try and achieve a balance between its own financial needs, both now and in the future, and the financial pressures faced by its local taxpayers.
- 5.21 All things considered, bearing in mind the ongoing economic situation, high inflation, and uncertainty around future staffing pay awards and the future of the Council Tax Support Grant, it is recommended that the 4.38% increase to the Town Council Tax is implemented.
- 5.22 **It is therefore requested that Members approve the 2024/25 Precept at £1,974,773 and the 4.38% increase in the Town Council Tax.**
- 5.23 This will enable the Precept and Council Tax to be formally set at the Council Meeting next week.

6.0 Final 2024/25 Capital Programme Budget

- 6.1 As highlighted earlier, in line with the recommendations made in the Council's Medium-Term Financial Plan, planned capital investment will continue to be closely scrutinised and controlled in order to help protect and sustain the Council's balances and reserves moving forward.
- 6.2 As such, the 2024/25 Capital Programme Budget has been prepared on the basis of essential investment only, mainly linked to the delivery of the Council's Asset Management Plan.
- 6.3 To be clear, it is *not* being recommended that *all* capital investment is restricted, more that investment should be focussed on those projects that contribute towards delivery of the Asset Management Plan, such as essential building works, replacement of vehicles and machinery at the end of their useful life, information technology, essential footpath and play area safety surface repairs and Ash tree dieback disease works.
- 6.4 An initial draft 2024/25 Capital Programme Budget totalling £333,450 was reported to the Council. However, following an officer and member review of the projects included in line with the above principle of undertaking only essential investment, as well as two projects being brought forward to the current financial year and an inclusion of a small budget in relation to rapid deployment CCTV cameras, a much lower 2024/25 Capital Programme Budget was agreed, totalling £156,350.

- 6.5 The 2024/25 Capital Programme Budget includes provision for the following projects:-
- Various works at the Council Offices including carpets, blinds and alarm;
 - Depot separation tank cleaning;
 - Pre-school window and door replacement and redecoration;
 - Periodic roofing surveys;
 - Annual felt roof inspections;
 - Ongoing purchase of electrical works machinery;
 - Ongoing computer replacements, photocopier replacement and website development;
 - The ongoing programme of replacement festive lighting;
 - The ongoing programme of replacement goal posts;
 - The ongoing programme of play area surfacing replacement;
 - Provision for ongoing repairs to the golf course irrigation system;
 - Provision for ongoing ditch clearance works on the golf course;
 - Various works to the sports complex building including drainage repairs and bar service lift works;
 - First phase of the development of the woodland burial site including planning approval, drawings, and fencing;
 - West Cemetery works to the public toilets;
 - Aycliffe Village Allotments fencing replacement;
 - Ash dieback disease works;
 - Bus shelter repairs;
 - CCTV Rapid Response budget to move cameras; and
 - Ongoing programme of footpath repairs.
- 6.6 Detailed information on each of above projects was included within the draft 2024/25 Capital Programme Budget was set out in the Committee Budget Reports and has not therefore been repeated in this report.
- 6.7 The only amendments to the draft 2024/25 Capital Programme Budget have been the removal of the non-essential projects which were agreed at the October cycle of meetings. In addition to this two projects have been brought forward to the current financial year, namely the purchase of a Park Patrol electric vehicle, approved at the Full Council meeting in December, and the upgrade of the CCTV system in the Sports Complex which was approved at the Recreation Committee meeting in December. Plus small budget for movement of rapid deployment CCTV cameras.
- 6.8 The final proposed 2024/25 Capital Programme Budget now totals £156,350, and a full breakdown is attached at Appendix 3.
- 6.9 As highlighted in the 2023/24 Revenue and Capital Budget Expected Outturn Report, it is likely that that a number of delayed capital projects from the current financial year, totalling up to £254,700 will need to be carried forward to 2024/25.
- 6.10 The proposed 2024/25 Capital Programme will ensure the continued delivery of the Council's Asset Management Plan and will keep all essential building works and replacements of vehicles, machinery, office equipment, street equipment and play equipment on schedule.
- 6.11 The budget will be funded from the Council's Earmarked Capital Reserves which have been built up and set aside for this purpose.

- 6.12 The Council will continue to seek opportunities to secure external capital grants or contributions such as Section 106 Agreement monies, Durham County Council Members Initiative Fund contributions and funding from the Great Aycliffe and Middridge Area Action Partnership (GAMP), and any external funding that is secured would provide resources over and above those set aside in the draft 2024/25 Capital Programme Budget.
- 6.13 The Council does not currently need to consider any further borrowing in light of the Earmarked Capital Reserves currently available, although the option of leasing capital assets will be considered where relevant.
- 6.14 In accordance with the Council's Standing Orders for Contracts and Procurement, all capital projects identified in the 2024/25 Capital Programme over the value of £5,500, will be subject to the obtaining of competitive quotes, and approval by the appropriate spending Committee and Council, before going ahead.

7.0 Council Balances and Earmarked Reserves

- 7.1 The Council's Balances and Earmarked Reserves are expected to stand at around £1.759 million at the end of March 2024.
- 7.2 This level of balances is better than anticipated in the Medium-Term Financial Plan and this is because of higher-than-expected savings on the 2023/24 Revenue Budget and the lower-than-expected outturn on the 2023/24 Capital Programme Budget. In addition to this was the unexpected receipt of £195,460 from HMRC following the change in VAT legislation.
- 7.3 After accounting for the funding of the 2024/25 Capital Programme Budget of £156,350, as well as the ongoing capital projects expected to be carried forward from 2023/24 totalling £254,700 to be funded from the Council's Earmarked Reserves, the £75,000 top up of balances via the contribution to capital reserves, and assuming no use of Revenue Budget contingency sum next year, and assuming no other savings next year on the 2024/25 Revenue Budget, Council Balances and Earmarked Reserves would fall to around £1.437 million by the end of the 2024/25 financial year.
- 7.5 Whilst this represents a fall in the Council's balances and reserves over the coming year, this is still considered to be a healthy level of balances.
- 7.6 This is very welcome as it comes at a time when the Medium-Term Financial Plan continues to forecast significant capital investment commitments and diminishing balances and reserves over the medium to long-term.
- 7.7 This healthy level of balances is a significant achievement in these unprecedented times and a positive endorsement of the prudent management and planning of the Council's finances over a long period of time, including the actions taken to set aside contingency resources in the Revenue Budget, restrict capital expenditure, and protect and replenish the Council's balances and reserves.
- 7.8 These balances would be higher if additional savings are achieved on the Revenue Budget next year, although it must be borne in mind that most budgets have now been stripped down to the bare minimum.

- 7.9 It is therefore considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves.
- 7.10 This will make the full replenishment of the Council's balances and reserves in the medium to long term increasingly difficult.
- 7.11 The forecast level of balances and reserves over the longer term remains a key financial issue for the Council and will be assessed and reviewed in the forthcoming update of the Medium-Term Financial Plan.
- 7.12 A full analysis of the likely movement on the Council's Balances and Reserves as a result of the proposed 2024/25 Revenue and Capital Budget is attached at **Appendix 4**.

8.0 2024/25 Budget Consultation Survey

- 8.1 Consultation on the Council's draft 2024/25 budget proposals was undertaken this year via an online Budget Survey which was widely publicised on the Council website, in the local press, and on the Council's social media channels. Hard copies of the survey were also placed in a number of community locations including the library and community centres.
- 8.2 A total of 64 responses were received, which is significantly up on the 14 responses received last year.
- 8.3 The responses to the survey questions along with any specific comments and suggestions received are set out in detail in Appendix 5. Please note that not all respondents answered every question.
- 8.4 A summary of the key feedback is set out below:-

1. Does the Town Council Tax provide value for money?

Yes	60	93.8%
No	4	6.2%

2. Looking ahead to next year, all things considered, are you in support of the proposed increase in the core Town Council Tax (equating to £4.85 per year or £0.40 per month at Council Tax Band A)?

Yes	59	92.2%
No	5	7.8%

3. In respect of the cut to Local Council Tax Reduction Scheme Grant by Durham County Council in 2024/25, are you in support of the proposed additional increase in the Town Council Tax to offset this; equating to an additional £3.16 (total £8.01) per year or £0.27 (total £0.67) per month at Council Tax Band A?

Yes	57	89.1%
No	7	10.9%

4. Which Council's services are most important to you i.e. where budget cuts should not be made and where any future investment should be targeted?

Top 10 Most Important Services in Priority Order

Service Area
Environment, Nature Parks and Open Space
Parks and Play Areas
Cemeteries
Fun In the Parks
Santa Tours
Fireworks Display
Senior Citizens' Trips
Litter and Dog Bins
Allotments
Christmas Lights

5. Which Council services are least important to you i.e. where budget cuts, if they are required in the future, should be targeted?

Top 10 Least Important Services in Priority Order

Service Area
Senior Citizens' Trips
Civic Events and the Office of Mayor
Councillors
Oakleaf Golf Course and Driving Range
Large Community Events such as the Big Brass Bash
Fireworks Display
Flower Beds
Fun in the Parks
Corporate Management and Administration
St Oswald's Pre-School

- 8.5 In overall terms, a majority of survey respondents (89.1%) were in support of the overall draft budget proposals and proposed increase in the Town Council Tax next year, which includes an additional increase to fund the cut in Council Tax Support Grant by Durham County Council. This increased to 92.2% of respondents supporting the core increase in the Council Tax next year. A total of 93.8% of respondents felt that the Council is delivering value for money.
- 8.6 The feedback received in relation to priorities for investment and disinvestment will be useful moving forward, as the Council deals with increasing financial pressures and the possible need to review and prioritise the services that it provides to the community.
- 8.7 Finally, a number of specific comments were received in relation to the Council's budget plans, areas where the Council could make investment and suggestions for areas in which the Council could save money.

- 8.8 It is requested that Members consider the feedback received in the budget survey and consider what, if any, changes the Council should make to its 2024/25 Revenue and Capital Budget, or future budget setting exercises in response to the comments received.

9.0 Policy Implications

- 9.1 Conforms to Aim 2 of the Council's Strategic Aims and Targets – *"To manage the Council's finances and assets in a responsible manner"*.

10.0 Staffing Implications

- 10.1 All Revenue and Capital Budgets have been agreed by the relevant Service Managers and the Performance Management Group.

11.0 Financial Implications

- 11.1 The financial implications for the Council in terms of the setting of the 2024/25 Revenue and Capital Budget are fully set out in the report.

12.0 Crime and Disorder Implications

- 12.1 None.

13.0 Equal Opportunities Implications

- 13.1 None.

14.0 Environment, Biodiversity and Climate Change Implications

- 14.1 None.

15.0 Risk Assessment

- 15.1 The 2024/25 Revenue Budget has been prepared in accordance with the key financial principle of prudence.
- 15.2 The 2024/25 Revenue Budget includes a small £13,500 contingency sum and £75,000 contribution to reserves, while the 2024/25 Capital Programme Budget has been restricted to essential expenditure only to help preserve Council Balances and Reserves.
- 15.3 Whilst the 2024/25 Revenue Budget makes provision for the various cost increases and falls in income faced next year and will still enable the Council to maintain all services, facilities, and events in line with the key principle from the MTFP, a large number of savings have already been identified and incorporated with many budgets stripped down to the bare minimum, and with only a small contingency sum now available.
- 15.4 This will leave very little scope to absorb further increases in costs if inflation remains high, there are further falls in income if the cost-of-living crisis continues or if there are any further unforeseen budget pressures.
- 15.5 There is therefore a risk that some of the assumptions made, and the budget provision subsequently put in place may not be sufficient.

- 15.6 There is also a risk of a serious deterioration in the level of Council balances and reserves over the medium to long term as capital commitments are funded, and this will need to be considered in future updates of the MTFP to ensure that a strategy is put in place to protect and replenish balances.
- 15.7 A risk assessment has been undertaken in relation to the setting of the 2024/25 Revenue Budget, and this has identified a number of potential risks that could result in actual costs or income being materially different to those budgeted. These risks are as follows:-
- The ongoing cost-of-living crisis causing further revenue losses and additional costs into the 2024/25 financial year;
 - The current economic difficulties causing further budget pressures e.g. high inflation, availability of goods etc;
 - A higher than budgeted local government pay award;
 - Non-take up of places and falls in attendance levels adversely affecting pre-school funding income;
 - Increased pressures on pre-school staffing as a result of further increases in the number of special educational needs children;
 - Poor weather conditions adversely affecting usage of the golf complex;
 - Any other unforeseen budget pressures adding to the running costs or reducing the income of Council services; and
 - Reduced replenishment of reserves and balances due to revenue budgets being reduced to the bare minimum.
- 15.8 The budget includes provision for a 5% 2024/25 local government pay award, and also makes provision for inflationary increases in running costs and possible falls in income.
- 15.9 The Revenue Budget includes a contingency sum of £13,500 to protect against any unforeseen spending commitments, such as a higher pay award, and a £75,000 contribution to capital reserves, which provides added protection, as well as a means of partially replenishing the Council's balances and reserves.
- 15.10 Council Balances and Reserves are projected to stand at £1.759 million at the end of this financial year, and the proposed 2024/25 Revenue and Capital Budget would result in estimated balances of £1.437 million being available at the end of 2024/25.
- 15.11 This is considered a satisfactory level of reserves to support future capital investment, as set out in the Council's Asset Management Plan, at least over the medium term, as well as providing some protection against any unforeseen revenue budget pressures, particularly bearing in mind the £75,000 'top up' to reserves that is built into the Revenue Budget.
- 15.12 However, it must be noted that it is considered unlikely, in the current financial circumstances, that any savings will be achieved in the Revenue Budget next year, beyond the resources set aside in the contingency sum and contribution to capital reserves, and this will make the full replenishment of the Council's balances and reserves moving forward very difficult.
- 15.13 The Council Tax Support Grant will be reduced further in 2025/26 however there remains a risk that it could be cut further or withdrawn in its entirety.

15.14 This risk is identified within the Medium-Term Financial Plan and Risk Register and arrangements have been made to continue the Council's programme of service reviews, with a view to identifying possible savings, in the event of this funding being lost in the future.

15.15 The update of the Council's Medium Term Financial Plan later in the year will be crucial in forecasting the longer-term impact of these risks on the Council's finances of the ongoing economic difficulties and will seek to shape the Council's financial strategy for the coming years.

16.0 General Data Protection Regulations (GDPR)

16.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

17.0 Recommendations

17.1 It is recommended that Members:-

- a) Receive the final 2024/25 Revenue and Capital Budget proposals and note the changes made to the draft budget;
- b) Receive the feedback from the 2024/25 Budget Survey;
- c) Approve the Council's 2024/25 Revenue and Capital Budget as set out in the report and the attached appendices;
- d) Approve the 2024/25 Precept at £1,974,773 and agree the proposed increase of 4.38% to the Town Council Tax.