

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	7 February 2024
<b>Subject:</b>	Budget 2024 – 2025
<b>Report of:</b>	Associate Director: Finance
<b>Head of Service/Director:</b>	Executive Director: Resources
<b>Lead Member:</b>	Finance & Asset Management
<b>Number of Appendices:</b>	Three

## **Executive Summary:**

The proposed net budget totals £12.46m and, after deducting Government support and other financing streams, the resultant council tax requirement is £5.43m giving a Band D council tax figure of £144.36.

## **Recommendation:**

### **To RECOMMEND to the Council:**

- i. a net budget of £12,463,511;**
- ii. a Band D council tax for Tewkesbury Borough Council services of £144.36 per annum, an increase of £5.00 per annum;**
- iii. the inclusion of growth items within the budget for 24/25 as proposed in appendix A;**
- iv. the capital programme as proposed in appendix B.**

## **Financial Implications:**

As set out within in the report.

## **Legal Implications:**

Section 32 of the Local Government Finance Act 1992 as amended places a duty on the Council, as Billing Authority, to calculate before 11<sup>th</sup> March 2024 its budget requirement for 2023/24.

Under section 25 of the Local Government Act 2003, the Section 151 Officer must report on the robustness of the estimates for the purposes of making the appropriate calculations and of the adequacy of the Council's proposed financial reserves.

## **Environmental and Sustainability Implications:**

A growth in budgetary support for directed towards tackling the Borough wide climate and ecological emergency.

**Resource Implications (including impact on equalities):**

No new service reductions are included in the budget proposal which result in redundancies. The growth proposal includes the additional of 2.5 full time equivalent permanent post being added to the establishment, the funding of a number of one off posts to add temporary capacity and the transition of a number of temporary roles with the Business Transformation team to permanent roles.

**Safeguarding Implications:**

None

**Impact on the Customer:**

The proposals within this report will result in an additional charge of £5 per annum for a band D council tax property. Properties in other bands will be subject to different increases as illustrated in table 6. It should be noted that the £5 per annum increase is for Tewkesbury Borough Council services only and the overall increase in the council tax bill will be determined by any increase agreed by Gloucestershire County Council, the Police and Crime Commissioner and our Town & Parish Council's.

For the current year, the overall annual increase was £92.42 with Tewkesbury's increase again being £5 and out of the total cost of £2028.92, only £139.36 was charged by Tewkesbury Borough Council which is equivalent to 6.87%.

**1.0 INTRODUCTION**

- 1.1** The Council considered the Council's financial position as shown in the Medium Term Financial Strategy (MTFS) at its meeting on 12<sup>th</sup> December 2023.
- 1.2** The MTFS outlines the budget pressures facing this council now and in future years. It depicts the gap between the estimated net budget of the council and the estimated funding available in order to finance that net expenditure. The deficit over the five years of the MTFS is estimated to be in the order of £6.1 million.
- 1.3** The latest MTFS is based on updated information provided through the Autumn Statement and the Local Government Settlement Policy Statement. Although both of these provide some clarity on the direction of travel in the short term, much of the previous uncertainty with funding remains and, as a result, financial projections in the medium term are uncertain and subject to significant change. It is hoped that further clarity will be provided at some point to enable sound financial planning and the setting of budgets over the medium term.
- 1.4** The Spending Review in October 2021 headlined a three year funding position for local government coupled with additional general funding of £4.8bn over 3 years in addition to specific social care funding. Despite the setting of a three year funding position, local government settlements have remained on an annual basis and the Council had to wait for the Provisional Local Government Settlement, received on 18<sup>th</sup> December 2023, for clarity on the immediate funding proposals affecting the 24/25 budget. The following sections of this report provide further detail on the Provisional Settlement and the Policy Statement but, in summary, the headlines relevant to this Council include:
- A one year only Settlement period, covering 2024/25;
  - Funding reform to be delayed until at least 2025/26;
  - Likewise, a delay to the Business Rates Retention scheme reset;
  - The continuation of a Funding Guarantee;
  - An additional one year, one off payment of New Homes Bonus;

- A requirement for every Council to submit productivity plans to the Government by the summer;
- A continuation of the council tax threshold for District Councils being the higher of 2.99% or £5;
- An increase to Core Spending Power for Tewkesbury Borough of 5.76%.

- 1.5** This report now brings together the information from the Settlement with the detailed figures associated with the 2024/25 budget and the work undertaken by the Transform Working Group. A proposal is then made for a balanced budget and resultant council tax.
- 1.6** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (nominated Section 151 Officer) to make a statement to the Council on the robustness of the estimates and adequacy of financial reserves. This statement is set out in section 11 of this report. The Council is under a statutory obligation to have regard to this when making its decision on the proposed budget.
- 1.7** In setting the budget for 2024/25, the council has continued to provide the same level of service as in previous years and, in many areas, looks to provide an enhanced service whilst also investing to meet the demands of the growing population of the Borough and the emerging priorities of the new council plan. Despite the financial challenges facing the Council, the proposed budget includes the addition of £472,976 of ongoing growth in our services and £359,754 of one-off growth to further support services and council plan ambitions.
- 1.8** As always, the approval of the 2024/25 budget will mark the start of the process to set a balanced budget for the following year. Much will depend on the timing of a general election and a Spending Review with the hope that the government will provide clear and early information on the funding streams that will support the Borough Council in 25/26 and beyond. The Council will also need to consider its own expenditure plans over the medium term and look to align those plans with the likely level of resources available.

## **2.0 LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25**

- 2.1** The Local Government Finance Settlement for 2024/25 includes monetary allocations for a variety of funding streams including New Homes Bonus (NHB), Services Grant (SG), Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG), the Funding Guarantee (FG) and the Business Rates baseline (BRB) funding. In addition, it confirms what the Government deem as an excessive council tax increase which would be subject to local referendum before it could be introduced.
- 2.2** The Provisional Local Government Finance Settlement for 2024/25 was announced on 18th December 2023. The settlement is subject to consultation which ended on 15th January 2024, with the Final Settlement expected at the beginning of February. Historically the figures contained within the Provisional Settlement haven't changed on publication of the Final Settlement but this year's Final Settlement contained significant additional funding for local government. Whilst the majority of the additional funding was allocated for social services (£500m), lower tier authorities benefit from an additional £72m made available to increase the funding guarantee threshold from 3% to 4% and rural authorities have seen a 15.8% (£15m) increase in the Rural Service Delivery Grant. The additional funding, which was announced in early February, has seen an increase in Core Spending Power for Tewkesbury of £106,303 from the Provisional Settlement. The budget report has been amended to include the additional funding. Given the timing of the decision to increase funding, no immediate decision has been made on its use. Instead, the funding has been set aside to meet needs identified

following the approval of the new Council Plan. A further report will be made to members to agree the use of this funding.

**2.3** Despite the Spending Review 2021 providing funding quantum for the following three years, the Department of Levelling Up, Housing and Communities (DLUHC) opted to only provide confirmed funding levels on an annual basis. The Policy Statement's issued in December 2022 and December 2023 attempted to provide some certainty for the following financial years by confirming delays to funding reform and business rates reset but left questions over a number of other aspects that form the Settlement. The 2024/25 Settlement is therefore, in effect, another one year roll over Settlement. A Spending review is expected in 2024 which may provide some greater certainty of funding over longer time frames but the impending General Election places a question mark over the timing of the review.

**2.4 Needs based funding**

The Governments assessment of funding support required to deliver services to the Borough, net of the resources that could be raised locally, is provided via three funding streams, these being, Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and the Business Rates baseline (BRB) funding.

The figures within the settlement are in line with expectations and Table 1 highlights the confirmed level of support for the next financial year.

**Table 1**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Cash levels</b>			
Revenue Support Grant (RSG)	23,990	158,117	168,590
Rural Services Delivery Grant (RSDG)	14,459	16,160	18,712
Business Rates baseline funding	1,846,234	1,915,324	2,004,696
<b>Total</b>	<b>1,884,683</b>	<b>2,089,601</b>	<b>2,191,998</b>
<b>Change in funding (£)</b>			
Revenue Support Grant (RSG)	704	134,127	10,473
Rural Services Delivery Grant (RSDG)	0	1,701	2,552
Business Rates baseline funding	0	69,090	89,372
<b>Total</b>	<b>704</b>	<b>204,918</b>	<b>102,397</b>
<b>Change in funding (%)</b>			
Revenue Support Grant (RSG)	3.02%	559.10%	6.62%
Rural Services Delivery Grant (RSDG)	0.00%	11.76%	15.79%
Business Rates baseline funding	0.00%	3.74%	4.67%
<b>Total</b>	<b>0.04%</b>	<b>10.87%</b>	<b>4.90%</b>

\* RSG for 23/24 contains £131,371 of rolled in grants that were previously awarded separately.

**2.5** As can be seen from Table 1, the Councils needs based funding has seen an increase of £102,397 or 4.90% for 24/25. There are a number of factors that have contributed to this increase including:

- An uplift to the core RSG of £10,473 which equates to September's CPI figure
- A increase of 15.8% to the rural element of the funding
- A 4.67% uplift to Business Rates baseline funding

More detail on business rates funding is provided in section 4 but in summary the Council's baseline funding should move in line with September's Consumer Price Index (CPI), which for 2023 was 6.62%, as long as this is passed on to businesses in the form of an uplifted business rates multiplier. In order to support businesses in the current economic environment, the multiplier has been split in two – one for small businesses and one for standard businesses – with the small business rate multiplier being frozen and, as a result, the government are required to compensate local authorities in full for the revenue forgone by the government's decision – see section 4. The standard business rates multiplier has increased by 6.62% but the uplift in funding through the Business Rates Baseline is calculated as the weighted average uplift between the small and standard businesses within Tewkesbury's valuation list, hence the lower figure of 4.67%

## **2.6 Funding Guarantee**

In previous years, the funding floor for local government was 0% of existing Core Spending Power (CSP). This meant that the worst-case position for local authorities was that the cash amount of their CSP would not change between years. For councils such as Tewkesbury who were at the 0% floor, courteous of the steep reductions in New Homes Bonus, the Lower Tier Services Grant (LTSG) would be used as a balancing item to ensure that 0% was achieved, paying significant grant if necessary. In reality, even with the LTSG allocation, Tewkesbury was still losing grant funding but was replacing this with increased council tax receipts.

A new funding floor of 3%, in recognition of inflationary pressures, was introduced for 23/24 in the form of the Funding Guarantee. The Funding Guarantee ensures that all councils see at least a 3% increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels are made. In 2023/24, the 3% Funding Guarantee was worth £300,000 of funding.

The Funding Guarantee has remained in place for 2024/25 but has been increased to 4%. For Tewkesbury, the 4% uplift in its current CSP of £10.6m will result in an uplift in funding support of £424,000. In addition to this, the Council will also benefit from any increase in council tax it agrees to, rather than it merely replacing lost funding. With a £5 increase in council tax generating approximately £188,000, the Funding Guarantee could therefore see an increase in CSP of £612,000 or 5.76%.

The Funding Guarantee will be delivered by uprating existing funding such as the Revenue Support Grant and the Baseline Funding level, adjusting for changes to other grant schemes such as New Homes Bonus and then making an actual Funding Guarantee grant to ensure the 3% target is delivered.

For Tewkesbury, the total accumulated value of the Funding Guarantee in 2024/25 is £2,139,430.

## **2.7 Services Grant**

The Services Grant was introduced as a new, one-off allocation of £822m in 2022/23 in part to compensate authorities for the increased cost of National Insurance. Despite being labelled as a one-off grant, the Services Grant continued into 2023/24 and will again be in place for 2024/25. However, the value of the grant has been significantly reduced, first by an amount to reflect the reversal of the decision to increase National Insurance contributions and then by further top slicing of the grant pot to fund other funding streams on a national level. As a result, the national funding pot for this grant has reduced from £822m in 22/23 to just £87m for 24/25.

The allocation specifically for Tewkesbury has fallen from £127,275 in 22/23 to £71,717 in 23/24 and now just £12,890 for 24/25.

It is not yet known whether this grant will continue into 2025/26.

## **2.8 New Homes Bonus**

The government is proposing to once again to roll-over the current policy on New Homes Bonus (NHB) for a new round of NHB payments in 2024/25. New legacy commitments ceased to be made in allocations from 2020/21, and the government confirmed in February 2021 that it did not intend to reintroduce the concept of legacy payments. As a result, Tewkesbury will see a NHB allocation of £1,125,138 in 2024/25. Full details are provided in section 3.

## **2.9 Council tax principles**

The government has kept the core council tax principle the same as the current year which is a maximum increase in council tax of 2.99%, despite the levels of inflation over the previous year.

For district councils, the Government has also retained the current year principle of being the higher of £5 or 2.99%. This principle once again disadvantages the lowest council tax charging authorities and overall is more restrictive than for other types of authority as well as the Police and Crime Commissioners. The government has been lobbied through the Provisional Settlement consultation to reconsider this position.

The government assumes every authority will increase Band D council tax by the maximum allowed. In its Core Spending Power figures, the government has also assumed that the taxbase will increase in 2024/25 for each authority in line with their average taxbase increases.

Full details of the council tax calculation can be found in section 7.

## **2.10 Core Spending Power**

The Government's preferred measure of financial resources available to local government is called the Core Spending Power (CSP) and takes into account all of the grants referred to in the previous paragraphs, New Homes Bonus and Council Tax to forecast the level of total resources available to local government in the coming year. The only major funding stream excluded for lower tier authorities is Business Rates retention.

The headline figure for local government sees an increase of 7.5% or £4.5bn in funding for 2024/25. This includes assumed increases to council tax income of £2.08bn based on maximum council tax increases and five-year average growth to tax bases. This continues a feature of recent settlements in that a greater burden for funding local government has been placed on the local taxpayer. The figure also includes £1.88bn of additional or repurposed funding for social care.

**2.11** Tewkesbury's CSP forecast for 2024/25 is, once again, somewhat less than the national average, standing at 5.76%, but is a significant increase compared to the years prior to 2023/24 and is in line with other lower tier authorities. Table 2 illustrates how Tewkesbury's CSP is calculated:

**Table 2 – Tewkesbury’s Core Spending Power**

	2022-23	2023-24	2024-25
	£ millions	£ millions	£ millions
Settlement Funding Assessment	1.87	2.07	2.17
Business rates multiplier compensation	0.19	0.33	0.38
Council Tax Requirement	4.81	5.13	5.39
New Homes Bonus	1.63	1.24	1.13
Rural Services Delivery Grant	0.01	0.02	0.02
Lower Tier Services Grant	1.31	0.00	0.00
Services Grant	0.13	0.07	0.01
Funding Guarantee	0.00	1.77	2.14
Grants rolled in	0.13	0.00	0.00
<b>Core Spending Power</b>	<b>10.09</b>	<b>10.63</b>	<b>11.24</b>
Increase (£)	-0.04	0.54	0.61
Increase (%)	-0.43%	5.40%	5.76%

**2.12** The £0.61m increase in CSP is the second consecutive increase enjoyed by Tewkesbury Borough Council and is most welcome after a decade of spending reductions. Whilst the uplift is welcome, at 5.76% it remains significantly below the levels of inflation that have impacted the council’s costs over the last twelve months and will not alone cover the increasing cost of providing services.

**2.13** It should also be noted that the split between locally controlled funding and funding from central government has, for the first time in many years, started to diverge. The council tax element of CSP is again expected to rise by £0.27m meaning that it will account for 48.0% of the Council’s CSP, a fall of 0.4% on the current year but up from 34.7% in 2015/16. This highlights the journey over the last decade of putting an ever-increasing emphasis on local taxpayers to pay for the cost of services.

### **3.0 NEW HOMES BONUS**

**3.1** The Local Government Settlement for 2021/22 confirmed that New Homes Bonus (NHB) would be withdrawn after much speculation in the preceding couple of years. Despite a consultation on a replacement scheme taking place in early Spring 2021, no further announcements have been made. It therefore came as no surprise when the government decided to allow a further year of the scheme in 2022/23 and again in 2023/24.

**3.2** For 2024/25, the NHB award will again be awarded for one year only with no legacy payments being awarded in future years. The original scheme made NHB payments for six years for each new property delivered or empty property returned to occupation, but this was reduced to four years in 2018/19 and then the last five awards, including 2024/25, have been for one year only. This has obviously dramatically reduced the value of the scheme to Tewkesbury although the increased levels of house building and the increase to the national average council tax has offset some of that reduction.

**3.3** For Year 14, which is based on growth between October 22 and October 23, the value of the NHB will be £1,125,138. This is the third largest annual bonus that Tewkesbury has received since the inception of the scheme and reflects the level of housebuilding in the area over that 12-month period. A total of 957 new properties have been added to the valuation list in the period but this has been partially offset by a growth of 136 properties which are classed as empty. Table 3 below details the allocation of NHB in comparison to the previous three years.

**Table 3 – Projection of NHB**

	2021/22	2022/23	2023/24	2024/25
Year 8	£898,713	£0	£0	£0
Year 9	£965,166	£965,166	£0	£0
Year 10	£0	£0	£0	£0
Year 11	£644,982	£0	£0	£0
Year 12	£0	£667,928	£0	£0
Year 13	£0	£0	£1,240,366	£0
Year 14	£0	£0	£0	£1,125,138
	<b>£2,508,861</b>	<b>£1,633,094</b>	<b>£1,240,366</b>	<b>£1,125,138</b>

Variance (£)	<b>-£1,253,895</b>	<b>-£875,767</b>	<b>-£392,728</b>	<b>-£115,228</b>
Variance (%)	<b>-33.32%</b>	<b>-34.91%</b>	<b>-24.05%</b>	<b>-9.29%</b>

**3.4** As can be seen from the table, the Council will receive £1.13m in 2024/25 from the NHB scheme. This is a reduction of £0.12m on the current levels. All of the £1.13m will be used to support the base budget of the Council.

**3.5** It is generally assumed that this will be the last year to attract a NHB payment although no confirmation of this has been received. No details were presented in the Provisional Local Government Settlement as to what, if anything, might replace the NHB scheme and what transitional arrangements might look like. This is very disappointing as the Government had said in the 2023/24 Settlement that:

‘We also recognise the need to help councils plan and we will therefore set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.’

It is therefore currently impossible to forecast potential sums due from NHB or a revised scheme beyond March 2025.

#### **4.0 BUSINESS RATES RETENTION**

**4.1** In recent years, Tewkesbury has benefited from significant amounts of retained business rates income to support its base budget. The budgeted current year retained income stands at £1.98m as a result of the growth of the business base within the Borough but also the compensation paid by government to local authorities for national decisions such as freezing the business rates multiplier and business rate relief.

**4.2** As highlighted earlier, the Council will receive compensation from the Government for their decision to freeze the business rates multiplier for small businesses and therefore deny local authorities the expected inflationary increase to the business rates baseline position. This is the fourth year where the government has decided to do this and as a result the compensation has increased from £326,257 in the current year to £380,717 for 2024/25 as indicated within our CSP figures.

**4.3** Reform of the business rates retention scheme has long been an ambition of the government with a move to 75% retention widely expected and a number of pilots run to test the scheme and its benefits. However, following comments by the Secretary of State in 2021 about 75% retention and its incompatibility with the levelling up agenda, it no longer appears that this move will happen and the sector will remain on 50% retention. The figures for 2024/25 continue to be based on this level of retention.

The national reset of the retention scheme, whereby accumulated growth in individual authorities is taken back by the government and potentially redistributed amongst the whole local government sector, has also been earmarked to occur since 2020. However,



the Local Government Finance Settlement Policy Statement in December 2022 confirmed that the reset will be delayed until at least 2025/26.

- 4.4** The calculation of business rates due to and therefore retained by the Council is contained within our NNDR1 return to DLUHC and is based on the standstill position highlighted in the preceding paragraph, the compensation due highlighted at 4.2, the underlying growth of the business community within the Borough and the reassessment of provisions made for appeals and bad debts. The calculation also includes the changes to the rateable list as calculated by the national revaluation for 2023 and the transfer of the Virgin Media hereditaments to the Central List. The resultant level of expected business rates retention for Tewkesbury Borough Council is £2.04m for 2024/25.

This level is an increase £63,989 on the current year level of retention.

- 4.5** In addition to the budgeted in year retention, the Council budgets for the surplus or deficit arising on the Business Rates Collection Fund in the previous year. As in previous years, a surplus has been generated as the council collected more business rates income than forecast. This position has been boosted by the release of accumulated appeals provisions that are no longer required and provide a significant one off surplus.

The Business Rates Collection Fund surplus to incorporate within the 2024/25 budget stands at £1,201,876. This is significantly more than in recent years so care has been taken to ensure only the average surplus is used to fund on-going activities whilst the balance is used to fund one-offs. If this care had not been taken, then there would likely be an immediate funding deficit for the 25/26 budget as the surplus dropped back to more normal levels. As a result of this, £428,122 has been used to fund ongoing activities whilst the balance of £773,754 has funded one off activities which support the balanced budget proposal.

- 4.6** In addition to our own individual performance, Tewkesbury is a member of the Gloucestershire Business Rates Pool which incorporates all Gloucestershire authorities and, through the inclusion of the County Council, results in a much reduced levy payment being applied, therefore generating higher levels of retained income within Gloucestershire. This increased retention is shared directly amongst the Councils and also with the Strategic Economic Development Fund in Gloucestershire.

Given the government's decision not to make any alterations to the business rates retention scheme and thus maintain the intrinsic benefit of pooling, Section 151 officers have risk assessed the proposed pool and believe there is sufficient benefit and risk mitigation to maintain the pool for a further year. Tewkesbury will therefore continue within the Pool for 2024/25.

As with the current year, the budget will include an estimate of £225,000 for Pool benefit which will therefore directly support the delivery of ongoing services. Any retention generated over this level will be treated as a windfall bonus at the year end. The windfall can be used to boost a number of our long-term planning reserves and therefore mitigate the need for additional ongoing budget growth.

## **5.0 GROWTH**

- 5.1** After more than a decade of austerity in local government and with the Borough expanding rapidly in recent years, our services across the Council, are under severe pressure to meet the demands placed upon them. In addition, the ambition of both national and local government continues to present new challenges and financial demands. Alongside this, the withdrawal of the New Homes Bonus – traditionally used to support growth in the Council - without a replacement scheme has created further financial pressures and removed a growth funding resource from our budget position. The restriction on council tax increases as well as the impact of inflationary pressures

also mean that there is limited ongoing funding available to support the growth requests put forward.

- 5.2** It is against this backdrop that growth bids were requested from services and from which an original £1.6m of additional funding was requested. Clearly this level of additional cost is not affordable for the Council in the current funding climate and so choices needed to be made so that a balanced budget proposition could be developed. The Chief Officer Group (COG) reviewed all bids received and prioritised those bids against the funding that was available.
- 5.3** Having completed this exercise, the final decision on what to include in the budget proposal could not be made until all other parts of the budgetary process had been completed. This was again severely delayed this year given the late notification of the Provisional Settlement and the additional work needed to complete the business rates position. Once the position was known, COG, in consultation with senior politicians and the Transform Working Group, included growth bids in the budget proposal that were affordable within the funding available and decided against including more bids that would require the use of reserves to support ongoing expenditure.
- 5.4** As a result of the additional funding in the Provisional Settlement and the additional income and savings found within the base budget, highlighted at 6.4, a total of £472,976 of ongoing growth is recommended. It should also be noted that prior to this growth round, the Council has previously agreed to fund a new Climate Change Officer and small operational budget, totalling £66,276, and provide additional resources to the Strategic Local Partnership of £160,000 per annum.
- 5.5** Despite the financial challenges faced by the Council, significant investment in our services has been funded in recent years and the recommendation for growth in 24/25, coupled with the in-year growth decisions taken, means that over the last three years, ongoing investment into our services totals £1.79m.
- 5.6** The additional funding in this growth proposal allows for an injection of critical resources into our service areas to meet our desire to provide effective and efficient services to our communities, be able to consult with and listen to those communities more effectively, ensure our IT systems are maintained and secure, bid for funding on behalf of the community and the council itself and meet some of our emerging Council Plan priorities.
- 5.7** The full list of growth items recommended for inclusion in the budget is shown at Appendix A. A number of ongoing growth items are shown as being funded from alternative sources. Other grant schemes and existing reserves can meet the funding need at least in the short term but should these funding streams be exhausted the growth items will be added to the base budget and be funded directly by the council.
- 5.8** In addition to the ongoing funding recommended, £359,754 of one-off funding is also included in the budget proposal. This provides temporary capacity within our People, Culture and Performance team, temporary capacity to support our Garden Communities ambition and provides funding to review and improve the Council's emergency planning and response.
- 5.9** Appendix A also highlights the growth bids that haven't been included in the budget proposal as a priority item. In some cases, alternatives have been found whilst other bids were withdrawn by the service. A total of £765,041 of ongoing expenditure requests have not been included within the budget proposal.

## 6.0 PROPOSED BUDGET

6.1 The base estimates for the Council in 2024/25 have been compiled, including the proposed growth, and are detailed in table 4.

**Table 4**

	2023/24	2024/25	Variance (£)	Variance (%)
Executive Services	£627,600	£914,379	£286,779	45.69%
People, Culture & Place	£461,085	£519,658	£58,573	12.70%
Transformation	£972,163	£1,318,943	£346,780	35.67%
Finance	£1,760,368	£1,438,717	-£321,651	-18.27%
IT & Cyber	£897,669	£1,057,863	£160,194	17.85%
Corporate Resources	-£1,195,954	-£1,048,710	£147,244	12.31%
Planning	£951,833	£721,170	-£230,663	-24.23%
Community Services	£6,447,069	£7,115,441	£668,372	10.37%
One Legal	£378,625	£426,050	£47,425	12.53%
<b>TOTAL</b>	<b>£11,300,458</b>	<b>£12,463,511</b>	<b>£1,163,053</b>	<b>10.29%</b>

6.2 The budget proposals for 2024/25 include a number of variances against the current year and are summarised in the following paragraphs.

### 6.3 Additional costs and reduced income

- A salary growth assumption of 4% on each scale point has been made for the year commencing 1<sup>st</sup> April 2024. This position has been adopted in light of current and projected consumer price inflation levels, the pressure created by national living wage increases, Union demands on pay and the funding position of the Council. This forecast uplift is estimated to cost the council an additional £487,000 per annum.
- In addition, the extra cost of the 2023/24 salary award needs to be included within the base budget. The 23/24 budget was constructed with a £1,601 increase assumption per scale point for the pay award but the actual award of £1,925 for the majority of employees resulted in an additional cost of circa £128,000.
- With consumer price inflation running between 10.5% and 4% during 2023, this has inevitably affected a number of individual budget lines within the council. Whilst managers have sought to reduce the impact of inflation on budgets, there are some significant increases for expenditure such as computer licences
- The cost of gas and electric has risen steeply since the last budget was set but the contractual arrangements with the Council's supplier, where energy has been purchased in advance of need and in advance of the significant price increases, has meant that the price being paid by the Council is around 60% lower than the market price at the time of fixing the price in November. However, this has still resulted in price increase of 15.9% for electricity. Whilst the price of gas has also risen, the project to install an air sourced heating system will mean that the council has no need to procure gas to heat its offices, saving over £29,000.
- A second office accommodation unit within the council offices remains vacant after over 12 months of advertising and, whilst an aggressive marketing strategy in the new year may help to secure a tenant for the space, it is prudent to remove the expectation of rental income from our budget given the length of the current void period. This is a loss of £40,000 rental income.
- The contract for services delivered by Ubico has increased by £673,000 (13.4%) for 24/25. This increase is predominately driven by a 5% assumption around the 24/25 pay award and the extra salary to be incorporated into the

base budget following the 23/24 pay award. Other small growth items of expenditure such as insurance and vehicle repairs also contribute to the overall increase.

- The Materials Recovery Facility gate fee has risen by £200,000 as the cost to dispose of recycled materials has increased because of reductions in the demand and value of recycled materials
- There has been an increase of £40,000 in the annual cost of the Building Control partnership resulting from more non-chargeable activities
- An increase in demand and cost relating to homeless activities resulting in an increase cost of £74,000.
- External Audit charges have increased by £69,000 as a result of the tender and award of new five year contracts from 2023/24. This increase was expected as a result of the actions taken to correct issues highlighted within the external audit market.
- An increase in cost of £128k within Asset Management and Grounds Maintenance as a result of the impending transfer of facilities at Cooper Edge. This increase is offset by an annual release of the commuted sum associated with the facility transfer.

#### **6.4** Budget savings and increase income

- The Council is able, once again, to reduce its contribution to the pension fund deficit. A further reduction of £97,000 has been factored into the base budget resulting in an annual contribution of £1.07m, a reduction of £858,000 from the position for 2019/20. A further reduction will take place in 25/26 as a result of the valuation of the pension fund in 2022
- The increase in banking rates, has resulted in an additional investment interest estimate of £166,000
- A reduction in the amount of external borrowing required has reduced the annual budget for borrowing by £226,000
- The increase in planning fees which came into effect on 6<sup>th</sup> December 2023 has resulted in an increased budget forecast of £230,000
- The trade waste service deficit of £130,000 has been removed from the base budget following the cessation of the service.
- Savings on services charges associated with the Swindon Road depot of £100,000.
- An increase in estimated fee income, as a result of increased fees and additional customers, across a range of services including:
  - Garden waste - £70,000
  - Licensing - £77,000
- A reduction in the annual contribution to the Commercial Property reserve of £125,000 per annum
- The introduction of a range of new or stretch income targets within the planning service as a result of the ongoing improvement work has added £58,000.
- Reviewing summons costs and aligning them with neighbouring authorities will result in an additional £35,000.
- Providing for the 2027 Borough Elections via a one off allocation from the Business rates Collection Fund surplus means that there is no requirement for a £41,000 annual contribution towards those costs

#### **6.5** The finance available to fund the Net Budget Requirement is as follows:

**Table 5**

<b>Financing stream</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Variance (£)</b>	<b>Variance (%)</b>
Revenue Support Grant	-£158,117	-£168,590	-£10,473	6.62%
Rural Services Delivery Grant	-£14,459	-£18,712	-£4,253	29.41%
Business Rates Baseline	-£1,915,324	-£2,004,696	-£89,372	4.67%
Retained Business Rates	-£1,980,458	-£2,044,448	-£63,990	3.23%
Business Rates Pool	-£225,000	-£225,000	£0	-
Business Rates Collection Fund	-£377,475	-£1,201,876	-£824,401	218.40%
New Homes Bonus	-£1,240,366	-£1,125,138	£115,228	-9.29%
Council Tax Collection Fund surplus	-£160,899	-£129,161	£31,738	-19.73%
Minimum Revenue Provision	£926,973	£972,260	£45,287	-4.89%
Net Transfer to / (from) reserves	£820,467	£1,066,793	£246,326	-30.02%
Services Grant	-£71,717	-£12,890	£58,827	-82.03%
Funding Guarantee	-£1,778,232	-£2,139,430	-£361,198	20.31%
<b>Total</b>	<b>-£6,174,607</b>	<b>-£7,030,888</b>	<b>-£856,281</b>	<b>13.87%</b>
Service Expenditure b/fwd	£11,300,458	£12,463,511	£1,163,053	10.29%
<b>Balance to be funded by Tax Payers</b>	<b>£5,125,851</b>	<b>£5,432,623</b>	<b>£306,772</b>	<b>5.98%</b>

**6.6** Table 5 highlights the financing streams as described in the previous sections. The funding guarantee and the business rates collection fund surplus have supported a net increase in funding of £0.86m to meet the increased cost of our services.

**6.7** Also included within the financing streams are:

- An increase in the Minimum Revenue Provision of £45,287 reflecting the annuity method of calculation used;
- An increase in the net transfer to reserves as a result of the use of the Business Rates collection fund surplus to fund a one off transfer to the Commercial Property Reserve of £250,000 and the Election Reserve of £164,000. These two transfers provide comfort that enough funding exists in reserves to reduce the annual contribution to the Commercial Property reserve by £125,000 on a permanent basis and reduce the annual contribution towards the Borough Elections by £41,000 for the next four years;
- A council tax collection fund surplus of £129,161;
- The benefit of being a member of the Gloucestershire Business Rates Pool into the base budget with an income estimate of £225,000. This is a prudent estimate of the likely full benefit of pool membership and taken now given some certainty that any changes to the retention scheme are now likely to be some years away.

**6.8** As a result of the movement on individual funding streams, the net total of funding available to the Council has increased by £856,281 or 13.87%.

**6.9** It has not been necessary to use reserves to support the budget proposal. It was widely expected that a significant contribution from reserves would be needed to balance this year's budget but due to the funding settlement, the increased business rates and the additional income generated in the core budget, this has not been necessary. The MTFS reserve remains intact and ready to support future service and budgetary needs.

**6.10** After deducting the funding streams from the net cost of services, the balance of expenditure to be funded by Council Taxpayers is £5,432,623 for 2024/25, an increase of £306,772 on the current year.

## 7.0 COUNCIL TAX

7.1 As highlighted earlier in the report, the government expects all councils to increase council tax to the maximum level permissible before a referendum is required. The increased council tax delivers the national headline 7.5% increase in CSP and in Tewkesbury's case supports the generation of the expected 5.76% increase in CSP for 2024/25.

Whilst this is one of the more generous financial settlements in recent times for Tewkesbury, the increase in CSP does not meet the inflationary storm that has buffeted the budget over the last 12 months. Neither does it meet the extra cost required to meet the additional demand placed on our services by a growing Borough.

It is therefore recommended that a £5 per annum increase at Band D level, equivalent to 3.59%, is approved, generating an additional £188,162 of ongoing income to support the Council's core services.

7.2 The level of increase proposed is in line with the Government's set threshold, of £5 or 2.99%, whichever is the higher, for determining whether a District council tax increase is excessive and should be put to a local referendum. Thresholds for other precepting bodies are:

- 2.99% for basic council tax and 2% for the Adult Social Care (ASC) levy for upper tier authorities
- £13 for Police and Crime Commissioners
- There are again no thresholds for Town and Parish Councils.

7.3 The proposed increase will be the ninth successive year that the Council will have increased the council tax by the maximum £5 per annum. This follows the period from 2011 to 2016 where Tewkesbury decided to freeze its share of the council tax in order to support its taxpayers during tough economic times. The proposed increase would set the Band D Council Tax at £144.36 per annum and most likely keep the Council around the eighth lowest District Tax in England. The proposed tax would also keep the Council in the lowest quartile for Council Tax charges whilst the shortfall against the lower quartile threshold and the District Council average is likely to be circa £39 and £71 respectively given the ability of the majority of District Council's to increase their council tax by more than £5, courteous of a 2.99% uplift on existing council tax levels.

7.4 The impact of this proposal on the Borough taxpayers is illustrated in Table 6.

Table 6

Band	No. of properties	Percent of total	Annual Council Tax 23/24	Annual Council Tax 24/25	Annual Increase
A	6,801	15.18%	£92.91	£96.24	£3.33
B	6,979	15.58%	£108.39	£112.28	£3.89
C	12,634	28.20%	£123.88	£128.32	£4.44
D	6,579	14.68%	£139.36	£144.36	£5.00
E	5,856	13.07%	£170.33	£176.44	£6.11
F	3,655	8.16%	£201.30	£208.52	£7.22
G	2,093	4.67%	£232.27	£240.60	£8.33
H	205	0.46%	£278.72	£288.72	£10.00

7.5 The council's recent record on council tax is shown in table 7 for information.

**Table 7**

Year	Council Tax	Increase (£)	Increase (%)
2015/16	£99.36	£0.00	0.00%
2016/17	£104.36	£5.00	5.03%
2017/18	£109.36	£5.00	4.79%
2018/19	£114.36	£5.00	4.57%
2019/20	£119.36	£5.00	4.37%
2020/21	£124.36	£5.00	4.19%
2021/22	£129.36	£5.00	4.02%
2022/23	£134.36	£5.00	3.87%
2023/24	£139.36	£5.00	3.72%
2024/25	£144.36	£5.00	3.59%

7.7 Council tax base growth in the Borough was suppressed during the pandemic but has recovered to normal levels of activity in the last two years. As a result, the tax base for 2024/25 has been calculated at 37,632.47 an increase of 851.11 band D equivalents or 2.31%.

7.8 Table 8 highlights the movement on the tax base, the balance to be funded by taxpayers and the corresponding tax increase required whilst table 9 breaks down the additional tax receipts between the tax base increase and the tax charge increase.

**Table 8**

	2023/24	2024/25	Variance
Balance to be funded by Taxpayers	£5,125,850	£5,432,623	£306,773
Tax base	36,781.36	37,632.47	851.11
Council tax @ Band D	£139.36	£144.36	£5.00

**Table 9**

Council tax raised through tax base increase	£118,610.69
Council tax raised through charge increase	£188,161.98
Additional council tax raised	£306,772.67

7.9 Table 9 illustrates that the council will be able to raise a further £306,773 of council tax income through tax rate and tax base increases.

## 8.0 RISKS

8.1 The Council's budget is prepared using best estimates for the level and timing of expenditure, budget & efficiency savings and available resources. However, a number of uncertainties exist which could have an impact on the budget of the Council:

- Government Support – Funding levels beyond 2024/25 are, as yet, unknown. A prudent view of future years funding has been included in the MTFS.
- Business Rates – Until such time as the issues with backdated appeals have been resolved, accurately forecasting the level of business rate income is difficult. Provisions are made within the scheme to deal with expected bad debts and appeals but these may not be sufficient. The Council is also a member of the Gloucestershire Pool and so the performance of neighbouring authorities with regards to rates retention will impact on Tewkesbury's overall retention.
- Interest rate forecasts – our forecast treasury position is built on the central forecast of rate movements over the twelve-month period. There are significant downside and upside risks to this forecast given the competing economic needs

in setting the base rate. Changes will affect both the level of return from investments but also the cost of borrowing should new borrowing be required. Current borrowing is all at fixed rates.

- Budgetary control – whilst every effort is made by services to operate within their set budgets, in some circumstances, overspends are unavoidable.
- The cost of disposing of recyclate is significant and is subject to the market and the quality and quantity of materials collected. Best estimates of prices and tonnages have been made, reflecting the likely position, but this could be subject to significant change. Impact from this change will also affect the level of recycling credit income generated.
- A contract sum with our waste provider Ubico has been agreed for the new year. This is not a fixed sum, and the Council is liable for any overspend incurred by the contractor. Additional expenditure may be incurred through further price rises such as diesel, vehicle maintenance or through a pay award settlement in excess of the 5% within their budget.
- As previously indicated, there is currently no agreement with regards to the 2024 pay award and there remains significant pressure from increases in the National Living Wage on the bottom of our pay scales. The budget therefore carries a risk that there is insufficient money within it to meet the agreement that will be made between the Unions and employers. A pay award reserve exists to support excess pay awards.
- New budgetary pressures may emerge in particular from the council plan as it is finalised and actions agreed.
- Rental levels from our commercial property portfolio remain at risk given the current flux in the economy. It is as a result of this risk that the council sets aside £100,000 per annum from its current rental stream to meet void costs or the costs of inducements for new tenants. A significant reserve exists to meet potential costs.
- Inflation – increased cost as a result of inflation has been factored into expenditure budgets but it cannot be guaranteed that these increased budgets will be sufficient to meet costs as prices continue to rise and supplies are restricted.
- Cost of living – given the ongoing impact of the cost of living crisis, it is possible that forecast income levels will not be achieved as households decide against expenditure in areas such as garden waste collection or planning applications, or simply do not have the funds to meet taxation obligations. As a result, income levels may reduce, and arrears may increase. There is also likely to be increased demand for the services offered by the council.

**8.2.** As detailed in the following section, the Council does hold reserves which can meet unforeseen costs highlighted within the risks.

## **9.0 REVENUE RESERVES**

**9.1** As at the 31<sup>st</sup> March 2023, the Council had earmarked reserves totalling £17.54m. This maintains the enhanced levels of recent years and reflects planned contributions to reserves, the release of a business rates collection fund surplus and the receipt of external grants for various requirements. Of the total earmarked reserves, a sum of £2.87m is set aside in the MTFS reserve which is used to manage the financial challenges of the council, either as direct temporary support to the budget or to fund the transitional costs of change.

Other reserves exist to manage risk to the authority, such as the pay award reserve and the commercial property reserve, whilst other reserves plan for future expenditure, such as the vehicle replacement reserve and the asset management reserve. The remainder of the reserves provide for service specific activities and in many cases are funded via external grant.



- 9.2** In addition, there is an uncommitted General Fund working balance of £1,000,000. This reserve was increased by £250,000 in June 2019 and by £200,000 in June 2022 in recognition of how low it was in comparison to other District Councils. This was highlighted within CIPFA's Financial Resilience Index. This year's index suggests that this uncommitted balance is now at a more acceptable level but should be increased further should funds become available at the year-end outturn.
- 9.3** The latest financial outturn projection for 2023/24 suggests that the budget is on track to deliver a small surplus although further cost pressure from inflation and service demand cannot be ruled out. This means, on current projections, that it is unlikely that there will be a significant surplus from the base budget at year end to increase reserves, but neither will there be a deficit requiring further reserve contributions.
- 9.4** The Council's reserves are in their strongest position for a long time and allow for the delivery of a number of specific service actions as well as guarding against significant financial impact from inflation and potential changes to the funding of local government. It should, however, be recognised that planned expenditure on a new vehicle fleet of circa £5m will occur in 2024 and 2025 and therefore significantly reduce the overall level of reserves in the medium term whilst that reserve is being replenished.
- The revenue reserves are reviewed and approved annually as part of the closure of accounts. A Financial Outturn report will be taken to Executive Committee in July to approve the reserves of the Council for 2024/25.

## **10.0 CAPITAL PROGRAMME**

- 10.1** The current capital programme is shown at Appendix B and covers forward forecasts of the next five years as well as the current year. It also details actual expenditure for the previous year.
- 10.2** The programme is reduced in size in comparison to previous years and currently totals £10.9m over the next five years. The reduction in the size of the programme is largely as a result of the cessation of the acquisition phase of the commercial property portfolio. The portfolio, currently valued at £60m, is of an appropriate size and risk for our council. Recent changes to the regulatory framework have also made it clear that the purchase of assets solely for the yield they attract is not an appropriate activity for a local authority.
- 10.3** Significant expenditure within the remaining programme includes the acquisition of a new vehicle fleet for our depot based services. The current schedule for acquisition required £4.94m of expenditure in the next two financial years with further, smaller requirements in the three years after. Total planned expenditure on new vehicles over the five year period is £5.57m.
- An ongoing increased level of expenditure on Disabled Facilities Grants (DFGs), based on the recent levels of expenditure, is projected throughout the programme. This totals £4m over the five year forecast and is financed entirely by government grant.
- The annual asset capitalisation programme, which provides funding for the purchase of waste and recycling receptacles as well as the IT replacement programme, has been uplifted to £125,000 p.a. to reflect increased costs and the shorter expected lifespan of personal devices.
- 10.4** The programme utilises significant external capital grant funding with £4m expected to be received to support DFG programmes and other the two prosperity funds in the short term. Revenue financing of capital expenditure is expected to contribute £5.58m to the capital programme which will be used to finance the acquisition of the new vehicle fleet. Given the small balance on the capital receipts reserve, only £0.83m is forecast to be consumed from capital receipts.

**10.5** Further additions to the capital programme can be made at any time of the year following Council approval. Members must be mindful of the revenue consequences, both negative and positive of any decision to commit further capital expenditure.

## **11.0 STATEMENT OF CHIEF FINANCE OFFICER**

**11.1** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to make a statement on the robustness of the estimates and adequacy of financial reserves when considering its budget and council tax. The Act requires Councillors to have regard to the report in making decisions at the Council's budget and council tax setting meeting.

**11.2** The basis on which the budget for 2024/25 has been prepared has been set out very clearly in this report and in previous MTFs reports. I am satisfied that the budgets for the General Fund and the Capital Programme have been based on sound assumptions. The Council has a good record for only including in the budget income estimates that are deliverable. The Council's core expenditure requirements are well understood, budgeted for accordingly and delivered in accordance with the estimates. It is on this basis that I am satisfied the estimates are robust.

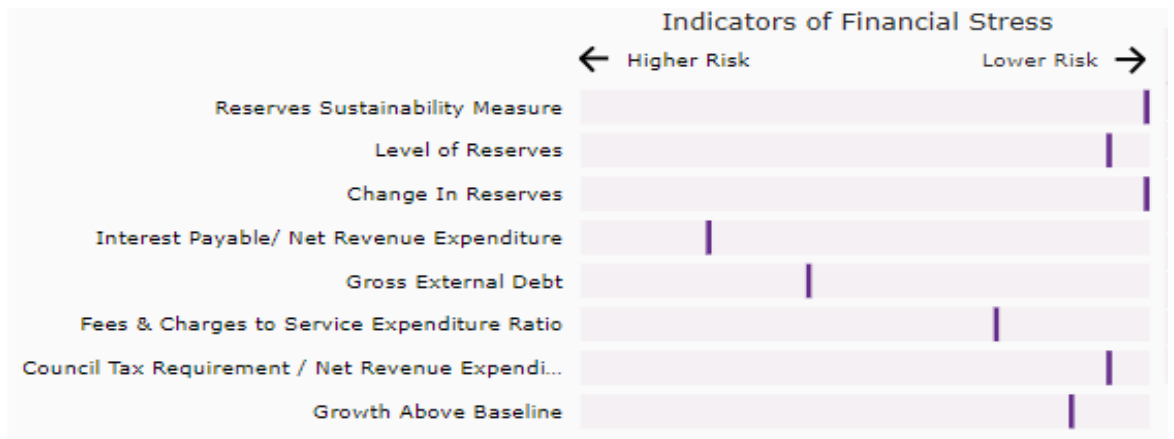
**11.3** The grant settlement for 2024/25 and the cost pressure on service areas have had a significant impact on the Council's finances and the current economic climate continues to challenge the financial affairs of the Council.

The high level of uncertainty surrounding the future of local government finance also causes great difficulty. The forecast impact of the withdrawal of New Homes Bonus, without confirmation of a replacement scheme or transitional funding, leaves the Council facing a £1.13m cliff edge in 2025/26. In addition to this, the potential reset of the business rates retention system in 2025/26 is likely to result in significant reductions in retained business rates which will cause further significant financial challenges in the coming years. Potential changes to the funding distribution model, should the Fair Funding Review be concluded, also appear to have a negative impact on Shire Districts and add to the forecast cliff edge in 2025/26.

**11.4** Given these financial uncertainties and challenges, it is imperative that our income streams are secure, our services continue to make efficiency improvements and we have adequate reserves to provide a contingency and to effect change if necessary. I am pleased to say that in all three regards the Council is now well placed.

**11.5** The Council's income from fees and charges is generally in good health, despite the impact of both the pandemic and current economic climate. The majority retain a good customer base and inflationary increases continue to be applied on an annual basis to the fee charged. As a result, our fees and charges as a percentage of service expenditure is relatively high when compared to other district councils although it is noted that this position has deteriorated compared to the previous year as Council's have pushed higher charges whilst reductions have been made to service expenditure. One area in particular where charges are being pushed by Council's is for car parking. The charges within the Borough's car parks have not been reviewed since 2015 and at that time they were reduced. Officers will therefore bring forward a parking charges review in 2024 as a matter of urgency.

**11.6** The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index for 2023, shown below, highlights this together with other indicators of financial risk, the vast majority of which show the Council to be well placed in comparison to other councils.



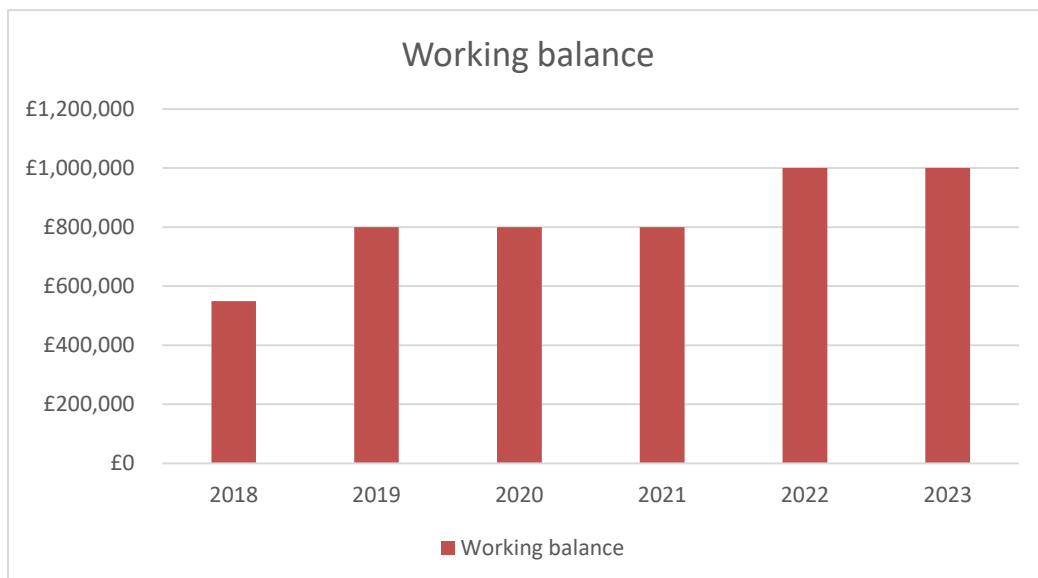
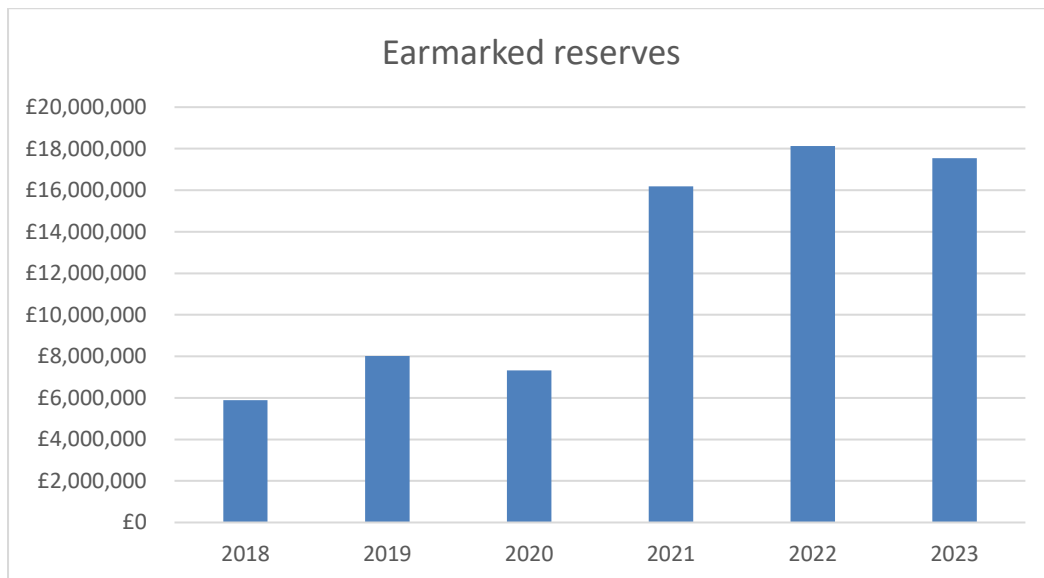
**11.7** With regards to Council Tax, which is the largest of the funding streams available to the council, the position is improving but remains low in comparison to other districts and is therefore a higher risk when it comes to financial resilience. The level of council tax income is becoming ever more important to local authorities as the government continues to reduce central funding in favour of higher levels of funding from council taxpayers. Over the last nine years, the percentage of Tewkesbury's Core Spending Power taken from council tax has risen from 34.7% to 48.4%. Nationally the figure now stands at 56.3% of CSP. Tewkesbury's percentage is naturally lower given that the tax that is charged is the eighth lowest in England. In addition, the council's tax base is relatively modest given the rural nature of the Borough and the conversion rate from actual properties into band d equivalents.

These two issues combine to leave the council with a relatively modest income stream from council tax compared to other authorities which not only means less cash to pay for services but also heightened risk to medium term financial planning due to a smaller proportion of 'certain' funding as opposed to the uncertainties and volatility of other funding streams.

**11.8** The formation of the Business Transformation team has enabled a number of services to benefit from their support. Further investment in this service area, as recommended within this budget proposal, will mean that the Council can improve both the scale and speed of transformation within our services. The results of this investment are starting to be seen across service areas, a growing reputation across the sector for transformation and the award of government funding to support the work of the team.

In addition to this, a number of service reviews are continuing towards a conclusion including both the Planning and Licensing services with further reviews planned. A review of the Council as a whole is also being led by the Chief Officer Team to ensure that the breadth and depth of services that we continue to offer align with our corporate priorities and our funding envelope.

**11.9** In terms of reserves, the Council has seen these grow over significantly in recent years as illustrated in the tables below. Whilst some of the reserves are held for specific purposes, many are at the discretion of the Council and could be utilised to support areas of need should the council run into financial difficulties. As can be seen, both the earmarked reserves and the working balance have grown over the last five years funded in large part by windfalls of business rates retention, year-end surpluses and specific grants.



- 11.10** The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting future expenditure when calculating the budget requirement.
- 11.11** The Council's earmarked reserves are set in July of each year by the Executive Committee with scrutiny being undertaken on a quarterly basis by both the Executive Committee and the Overview and Scrutiny Committee. The earmarked reserves contain specific project and service reserves as well as risk and forward management reserves. The overall level of reserves is considered to be good and places the Council in a low risk position as highlighted by the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index at 11.6.
- 11.12** The General Fund balance on its own is low when comparisons are made with other District Councils and will require additional monies being added to it at the earliest opportunity. However, in making judgement about the adequacy of reserves, bringing both allocated and unallocated reserves together gives assurance that the overall level of reserves is acceptable.

**11.13** Overall, I am satisfied that the projected levels of reserves and balances held by the Council are adequate for the forthcoming year but we will continue to review the position as necessary to ensure adequacy of reserves for future years.

## **12.0 CONSULTATION**

**12.1** Consultation on the budget has taken place with the Transform Working Group. In addition, a public and business consultation has taken place on general budgetary principles.

## **13.0 OTHER OPTIONS CONSIDERED**

**13.1** The proposal within this report is for the Council to increase Council Tax by £5 or 3.59% which is the maximum allowable for Tewkesbury under current referendum thresholds. In producing a balanced budget proposal, officers have considered a number of options for Council Tax. A summary of different levels of Council Tax is shown in the table below alongside the impact on the Council's on-going deficit.

**Table 10 – Council Tax increase options**

<b>Council Tax 23/24</b>	<b>Council Tax 24/25</b>	<b>Increase</b>	<b>Increase</b>	<b>Ongoing income produced</b>	<b>Ongoing savings required</b>
£139.36	£144.36	£5.00	3.59%	£188,162	£0
£139.36	£139.36	£0.00	0.00%	£0	£188,162
£139.36	£140.36	£1.00	0.72%	£37,632	£150,530
£139.36	£141.36	£2.00	1.44%	£75,265	£112,897
£139.36	£142.36	£3.00	2.15%	£112,897	£75,265
£139.36	£143.36	£4.00	2.87%	£150,530	£37,632
£139.36	£146.86	£7.50	5.38%	£282,244	<b>-£94,081</b>
£139.36	£149.36	£10.00	7.18%	£376,325	<b>-£188,162</b>
£139.36	£154.36	£15.00	10.76%	£564,487	<b>-£376,325</b>

**13.2** A range of options are available within the set threshold as detailed within the table. Also highlighted are a number of options that have been suggested as higher monetary thresholds for District Councils. Whilst these are not currently available to the Council without a referendum, the table highlights the additional ongoing income that would be raised by these levels of increased council tax and the percentage uplift on our existing band D council tax.

A decrease on the Council Tax has been ruled out given the financial outlook and challenges ahead for the council.

**13.3** It has been necessary to increase Council Tax by £5 in order to meet the financial pressures facing the council. Whilst lower council tax increases were considered, these did not provide the income required to fund the demand pressures within services. The use of one-off sums to replace an ongoing income stream is not considered prudent and only results in the need for ongoing savings to be postponed. The use of one-offs to support a budget should only be considered as a last resort.

**13.4** The recommended increase in Council Tax is also made against the background of a £6.1m projected deficit over the next five years and the uncertainty about Government policy for local government finance. This leaves the Council in a risky position and it is therefore of paramount importance that the council takes the decision to increase financing streams within its control as and when it can and to their full extent.

**14.0 MONITORING**

**14.1** The delivery of the annual budget is monitored on a monthly basis and reported formally to both Executive Committee and Overview and Scrutiny Committee on a quarterly basis.

**15.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**

**15.1** In line with Medium Term Financial Strategy approved by Council on 12<sup>th</sup> December 2023.

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**Background Papers:** Medium Term Financial Strategy

**Contact Officer:** Simon Dix  
Executive Director: Resources  
Tel: 01684 272005

**Appendices:** A - Growth proposals  
B – 2024-29 Capital Programme  
C – Detailed estimates 2024/25