

For publication

2024/25 Budget and Medium-Term Financial Plan

Meeting:	Council
Date:	28th February 2024
Cabinet portfolio:	Leader of the Council
Directorate:	Finance
For publication	

1.0 Purpose of report

- 1.1 To consider the General Fund revenue budget report for the financial year 2024/25 and the medium-term financial plan for the period 2024/25 to 2027/28 and to make recommendations to full Council on the budget allocations and Council Tax level.

2.0 Recommendations

- 2.1 That the budget savings proposals described in **paragraph 4.54** of the report for immediate implementation be approved.
- 2.2 Notes the forecast outturn for 2023/24 which presents a deficit for the year of **£282k** to period 8 (**paragraph 4.18**) and the further management controls proposed to achieve a balanced outturn position for 2023/24 by year end.
- 2.3 Approves the overall revenue budget for 2024/25 (**table 4 and Appendix B – to follow**).
- 2.4 Approves the use **£214k** from the Budget Risk Reserve to balance the 2024/25 revenue budget (**paragraph 4.66**).
- 2.5 Approve the submission for a proposal to employ flexible use of capital receipts in the financial years 2023/24 and 2024/25 and to delegate the amendment and final approval of this proposal to the Service Director – Finance (CFO), in consultation with the Deputy Leader and Cabinet Member for Finance and Asset Management (**paragraph 4.90 to 4.92**).
- 2.6 Approves the 2023/24 Council Tax Requirement and financing (**Appendix H and I – to follow**).

- 2.7 Increases the Council's share of Council Tax for properties in each band, a **2.99%** increase for a Band 'D' property, in 2024/25 to **£190.81 (paragraph 4.61)**.
- 2.8 Approves the Local Council Tax Support scheme which remains unchanged for 2024/25 **(paragraph 4.64)**.
- 2.9** Notes the Collection Fund and the Tax Base forecasts **(paragraphs 4.60, 4.63 and 4.33)**.
- 2.10 Notes the financial projections in the Medium-Term Financial Plan (MTFP) for 2025/26 to 2027/28 **(Table 4 and paragraph 4.68)**.
- 2.11 Approves the estimates of reserves including maintaining the General Working Balance at **£1.5m (paragraphs 4.70 - 4.72)**
- 2.12 Notes the budget risks and sensitivity analysis **(Appendix D)** and the Chief Finance Officer's assurances **(paragraphs 4.73 – 4.88)**.
- 2.13 Notes that Cabinet (or the Joint Cabinet and Employment and General Committee) has still to make final decisions on the budget savings proposals described in **paragraph 4.55** of the report.

3.0 Reasons for recommendations

- 3.1 For the Council to meet the statutory requirements relating to setting the General Fund revenue budget and the level of Council Tax for 2024/25.

4.0 Report Details

This report was considered by Cabinet at its meeting on 27 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

Background

- 4.1 Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.
- 4.2 In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this

context that the Council must now develop its approach to balancing the 2024/25 budget and to achieving the same over the period of the MTFP. This report covers the General Fund revenue budget, which is one part of a suite of budget reports which together make up the MTFP.

- 4.3 The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income, particularly in areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.
- 4.4 These challenges are exacerbated by the uncertainty of future financial settlements for local government and how available funding will be shared. Local authorities continue to be provided with one-year financial settlements, which provide little financial certainty and security.
- 4.5 Longer-term reform of local government funding has been delayed until the next Parliament and a structural solution is needed to meet the many statutory duties and demands placed on local authorities.

Budget Strategy and Budget Implementation Plan

- 4.6 The Council's Budget Strategy was approved by Council on 19 July 2023. This report set out the assumptions which underpinned the General Fund revenue element of the MTFP at that time, the priority work that needed to be undertaken to establish new and emerging service pressures, and a strategic framework for delivering the savings that would be needed to achieve a balanced budget for 2024/25 and over the medium-term
- 4.7 The Budget Strategy report set out the need to drive out savings of at least **£2.5m** at pace, within a framework that was prudent, responsible, and sustainable, and optimised to secure savings in the short- and medium-term to reduce and remove reliance on reserves, stabilising the Council's financial position and establishing affordability of Council services.
- 4.8 The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023. This report set out a detailed approach to addressing the budget gap following extensive work with the Council's Corporate Leadership Team (CLT) and Cabinet Portfolio Holders, drawing on the thematic interventions set out in the Budget Strategy. These interrelated interventions were designed to support the development of proposals that would enable a balanced budget to be achieved whilst also providing information to enable the Council to reconsider how best to continue to deliver the priorities and outcomes in the Council Plan within the available resources. The thematic interventions were:
 - Identifying General Efficiencies

- Increasing Income and Establishing Stronger Commercial Operating Principles
 - Transforming how we Deliver Services
 - Reducing Service Offers / Stop Doing – Statutory and Non-Statutory Services
 - Rightsizing the Organisation
- 4.9 The report set out revised budget gaps for 2024/25 to 2027/28 based on updated assumptions. Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council's Budget Strategy. The resulting implementation plan was split into 2 stages. Cabinet approved **£539k** of stage 1 savings proposals, which were predominately operational decisions which had no or minor impact on service delivery.
- 4.10 The Stage 2 savings proposals however required further development, including where appropriate engagement or consultation with service users, stakeholders, staff, and trade unions. Officers were therefore tasked with progressing the development of the proposals through to decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making. These proposals were expected to deliver potential savings of between **£1.690m** and **£2.460m**, although at this point, it was not possible to accurately quantify the level of savings that were to be delivered until the reviews had been completed.
- 4.11 Although the report provided an update on certain budget assumptions, some elements were still uncertain, and the report did not include the outcomes of the Provisional or Final Local Government Finance Settlement, which have now been announced.

Policy & Financial Planning Framework

- 4.12 The aims of the Budget Strategy and Budget Strategy Implementation Plan were to find deliverable cost reductions and additional income to set a balanced budget for 2024/25, and one that continued to support delivery of the new Council Plan. The Council Plan defines the Council's key priorities, objectives, and commitments over the four-year period 2023/24 to 2026/27. The Council Plan is aimed at providing focus, setting out priorities that will require a collective corporate effort during the period and draws upon our extensive 'State of the Borough' evidence base and communications, consultation, and engagement activities. The Council Plan identifies the key commitments and places increased focus on achieving real outcomes to deliver our vision of 'putting our communities first.' The strategic principles embedded within the MTFP, aim to establish a framework for aligning the revenue and capital spending proposals with the Council's priorities.

2023/24 Forecast Outturn

- 4.13 The Council approved the General Fund Revenue Budget for 2023/24 on 22 February 2023. The budget was constructed in accordance with the Council's budget principles and the 2023/24 budget was balanced with the use of **£1.000m** from the Budget Risk Reserve. This was to enable the Council to take a more strategic approach to reviewing priorities and managing the budget gaps over the medium term.
- 4.14 In the months since the Medium-Term Financial Plan (MTFP) was approved, the national fiscal and economic situation changed dramatically and a number of in-year spending pressures emerged particularly in relation to unprecedented and unpredicted inflationary pressures around contracts and pay (leading to increased costs of service delivery), increased demand for our services and a challenging employment market leading to recruitment and retention issues.
- 4.15 The rate of Consumer Price Inflation (CPI) at the start of 2023 was 10.5% (end of December 2022) and at that point was forecast by the Bank of England to gradually fall to 5.2% by the end of 2023. As at the end of December 2023 inflation had actually fallen below this estimate to 4%, showing that the rate at which prices are increasing has slowed, however, the impact continues to drive upward pressure across a range of expenditure budgets. The current rate of inflation is still 2% above the Bank of England inflation target of 2%.
- 4.16 The Local Government Employers pay offer, which was made in February 2023 and accepted late 2023, set out an increase for 'Green Book' employees of £1,925 for 2023/24. This equates to a circa 5.6% increase in the 2023/24 pay budget. The 2023/24 base budget included provision for a 4% pay award. The additional 1.6% required has therefore created an in-year pressure in excess of **£300k**.
- 4.17 The period 5 forecast was reported to Cabinet on 14 November 2023 and presented an adverse position of **£334k** (excluding the impact of the Pay award) on the Council's net revenue budget of £12.5m. This was based on activity to the end of August together with projected future trends in income and expenditures. The report reconfirmed the Council's commitment to delivering services within the approved budget with the Corporate Leadership Team (CLT) working collectively with budget managers to agree clear, robust and immediate management action plans to address the adverse forecast.
- 4.18 At the end of Period 8 the forecast deficit for 2023/24 has reduced to **£282k** and now includes the impact of the afore mentioned pay award.
- 4.19 Despite the improved position the forecast adverse position is still a concern. The Council will continue to monitor the financial position carefully over the next month to identify areas where spending can be contained, and income

maximised to ensure projected departmental expenditures are managed, as a minimum, within approved budgets. The expectation is that any surplus at the end of the financial year will be used to supplement the Budget Risk Reserve.

Settlement Funding

- 4.20 The provisional Local Government Funding Settlement for 2024/25 was published on 18 December and confirmed a number of announcements made in the 2023/24 settlement and 2023 Autumn Statement on government spending priorities. The 2024/25 provisional settlement proposed an overall increase in Core Spending Power (CSP), a notional estimate of the funding available to Local Authorities, of 6.5%.
- 4.21 In January, the Government announced an additional £600m funding for local authorities, including £500m for those with social care responsibilities. The final Local Government Funding Settlement published on 5 February 2024 confirmed this figure with total CSP for local authorities set at £64,706m. This is an increase in cash terms of 7.5% compared to 2023/24.
- 4.22 CSP is the Government calculation used to illustrate the overall impact of local authority funding and comprises the Settlement Funding Assessment (which combines income generated under the Business Rates Retention scheme and Revenue Support Grant), Council Tax, and Specific Grants.
- 4.23 It is important to note that the national increase of 7.5% is based on a number of assumptions regarding the tax base for Business Rates and Council Tax and assumes all authorities will increase Council Tax by the maximum permitted without holding a referendum. For 2024/25 this is an increase of 2.99% for Council Tax plus an additional 2% in Social Care Precept for top tier authorities. It is also important to note that Chesterfield's overall core spending power, for 2024/25, represents an assumed annual increase of 5.5% which is lower than the national average increase of 7.5%.
- 4.24 The announcement reflected a net increase of **c£2.0m** in settlement funding over and above that assumed in the budget assumptions in the February 2023 General Fund Revenue Budget report to full Council. The following paragraphs set out the allocations of government funding for 2024/25 and the assumptions we have had to make for future financial years in the absence of further information.
- 4.25 Revenue Support Grant (RSG) - Authorities currently continue to receive RSG from the Government in addition to their retained Business Rates. The current MTFP assumed £554k in 2024/25 and £458k from 2025/26 onwards. This assumption was based on the best information available at the time. The settlement has confirmed that Chesterfield will receive **£707k** in 2024/25, however this has increased primarily due to the rolling in of specific grants (£165k - Council Tax Administration Grant). The total increase in RSG within

the MTFP is **£153k**. It is assumed that this level will continue in 2025/26 uplifted by inflation i.e. £737k in 2025/26.

- 4.26 Funding Guarantee – This grant was first introduced in 2023/24 and is designed to ensure that authorities receive at least a 3% increase in CSP. £59.7k had been included within the original budget estimates for 2024/25. The Government increased the rate to 4% following the provisional settlement for 2024/25. The figure for Chesterfield has increased by **£631k** to **£691k** for 2024/25 to largely compensate the Council for the reduction in New Homes Bonus (see below), and a figure of **£455k** has been assumed for 2025/26.
- 4.27 Service Grant -This was a new one-off grant for 2022/23. The original MTFP £136k of the Service Grant in 2024/25. The confirmed allocation is **£24k** in 2024/25. No further Service Grant has been assumed within the MTFP beyond 2024/25.
- 4.28 New Homes Bonus (NHB) – The scheme was first introduced in 2011/12 to help address the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. At the time, the 2023/24 settlement was published the Government committed to consulting on a review of the NHB scheme and as such, the MTFP assumed no NHB past 2023/24. No consultation has taken place. The Settlement confirmed the allocation of **£24k** in 2024/25, which is lower than assumed in November 2024. No NHB has been assumed in future years of the MTFP.
- 4.29 Council Tax Referendum Threshold - The Settlement has confirmed the referendum levels for 2024/25. District Councils are permitted to increase their share of the Council Tax by the greater of up to 3% or £5 without triggering the need to hold a referendum. It is important to note that the Government assumes in the CSP calculation that councils will increase Council Tax to the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power would be reduced going forward with no funding from Government to mitigate this.

Business Rates

- 4.30 The estimate of business rates income for 2024/25 has been calculated as part of the NNDR1 on 31 January 2024. This has included the 2023 Business Rates revaluation which was implemented in April 2023. This has seen every non-domestic property receive a revised revaluation. This will impact on both the baseline funding and the tariff. Under the retained Business Rates system any authority whose Business Rates income is more than their initial 'baseline' funding level, as is the case for Chesterfield, will pay the balance in the form of a tariff to the Government and this is used to fund other local authorities where their Business Rates are disproportionately low. The final estimate of business rates income, after the tariff payment to the Government, is **£6.751m** (includes compensation) for 2024/25. The Business Rates multiplier

has been frozen for the third consecutive year. Local Authorities are provided with grant which compensates for the reduction in Business Rates income that can be collected.

- 4.31 The business rates baseline was due to be reset in 2022/23, however this has been delayed until at least 2025/26. The current business rates system allows councils to retain a proportion of the growth in the local business rates tax base, however this will be lost during any baseline resetting exercise. The proposed reset represents a significant funding risk to the Council and hinders its ability to plan over the Medium Term. To help mitigate against these losses we have assumed no further growth in business rates income after the financial year 2024/25.
- 4.32 Chesterfield is a member of the Derbyshire Business Rates Pool and the MTFP assumes a return from the pool of **£350k** for 2024/25 and **£400k** for 2025/26.
- 4.33 Each financial year we are required to calculate the surplus/deficit on the business rates element of the Collection Fund, which is a deficit of £387k for 2023/24. The Council's share is **£155k** in 2023/24 and this has been included in the MTFP for 2024/25.
- 4.34 Markham Vale Enterprise Zone - Annual business rates generated from the Enterprise Zone can be retained by the Council for a period of 25 years after the formation of the Zone. The Council has resolved to prioritise investment in: key projects delivery, economic growth activities, and skills activities; and that the funding should be particularly targeted at unlocking and accelerating key developments and sites and delivering better outcomes for local communities.

Fair Funding Review

- 4.35 A General Election is due to take place no later than 28 January 2025 and as a consequence Local Government Finance reform, originally due to be implemented from April 2020, has been pushed back until at least April 2025. However, due to the time required for the reforms to be consulted on and implemented by a new Government, it is more likely that the reforms will be delayed until April 2026. This could result in the Council receiving a reduced level of funding from Government in the medium to long-term. The impact of this will remain unknown until further information is provided. This means that funding levels over the medium term continue to remain speculative beyond the next financial year.

Budget 2024/25 and Updated Medium Term Plans

- 4.36 The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023 and based on the best available information at that time, set

out budget gaps (before savings) of **£4.066m** in 2024/25 rising to **£5.941m** in 2025/26.

- 4.37 Since the Budget Strategy Implementation Report was published, work has been ongoing in reviewing service pressures and updating the budget assumptions to be included within the medium-term financial plan. In addition, the impacts of the Final Local Government Financial Settlement and other announcements have also been assessed and reflected in our plans. This section provides details of the assumptions used in the construction of the MTFP.
- 4.38 **Non-Pay Inflation.** As at the end of December 2023 inflation had actually fallen to 4% and whilst the rate at which prices are increasing has slowed down, the impact continues to drive upward pressure across a range of expenditure budgets. The current rate of inflation is still 2% above the Bank of England inflation target of 2%.
- 4.39 Whilst inflation rates are falling, the impact of the higher rates in 2023 will continue into 2024/25 and beyond. Many of the Council's contracts attract inflationary uplifts for the coming financial year based on inflation in the preceding September and October. The MTFP assumed no general price inflation within the estimates other than pay and annual inflationary increases to contractual commitments particularly in relation to the indexation of the refuse and recycling contracts which are based on a cost-plus CPI indexation for the prevailing rate of CPI in March and is applied from May. We are also seeing significant increases in our ICT software licence agreements which are also linked to CPI.
- 4.40 Due to the high levels of uncertainty and volatility the MTFP recommended that **£550k** be set aside in a central contingency for inflationary increases in 2023/24 with an additional **£100k** in 2024/25 to accommodate further increases, to be allocated to services in-year once the estimates became more certain. These have now been quantified and **£929k** has been included within the base estimates for 2024/25 and the **£650k** contingency has therefore been removed. The net impact of the inflationary pressure is **£279k**.
- 4.41 **Utility Costs** - The Council has previously benefited from low prices for utilities. However, these contracts expired in March 2023 and the retendering of these contracts has cost significantly more than the current budget provision. A report was presented to Cabinet in December 2022, setting out the procurement process and delegations required to secure best value for the Council. A sum of **£976k** was built into the MTFP to cover this increase. The Council is due to enter into a new contract for the supply of energy on 1 April 2024 and the costs are expected to be lower than that of our existing contract, due to the fall in wholesale energy prices. The energy budgets for 2024/25 have been reduced by **£250k** to take account of this reduction.

- 4.42 **Pay inflation** - The 2023/24 base budget included a 4% assumption for pay inflation. However, at the end of February 2023, after the Council had set its budget, the Local Government Employers made an offer which significantly exceeded this. Local government trade unions have now accepted this offer of a flat rate of **£1,925** per annum increase for the majority of council employees under 'green book' conditions. This results in an average 5.6% pay increase for council staff, with the percentage increase being greater for lower paid employees. This will result in an additional **£450k** cost pressure in the 2024/25 base budget.
- 4.43 The MTFP for 2024/25 currently assumes a pay increase of 2% for all years. This level of provision is likely to be insufficient due to the concerns that inflation may reduce slower than originally forecast. To mitigate this risk the forecast for pay inflation has been increased to 3%, which, together with other pay related costs, has resulted in an additional forecast pressure of **£348k** in the 2024/25 base budget.
- 4.44 **Bad Debt Provision** – A review of the Council's outstanding debt has been undertaken to establish the adequacy of the provision. The current provision is £269k and this has been increased by **£50k** as part of the budget assumptions.

Service Pressures

- 4.45 The budget assumptions have been reviewed and updated to take account of known changes, new and emerging service pressures, and inflationary increases. These have been included based on the latest forecasts, however there are risks that these may in time materialise differently to that assumed. An assessment of the 2023/24 in year budget has also necessitated the inclusion of pressures to reflect shortfalls of income and the need for additional funding to meet demand and inflationary increases.
- 4.46 The first draft of the budget (which was part of the November 2023 report on the Budget Strategy Implementation Plan) identified new emerging cost and income pressures of **£2.137m** in 2024/25 rising to **£2.340m** by 2027/28. There has been a net increase in pressures of **£70k** in 2024/25 and a net reduction of **£20k** in future years, since the November report and these are summarised within Table 1 with further details set out below.

Pressure Type	MTFP Impact			
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Demand - reduced income	600	710	790	890
Demand – cost pressures	581	445	294	298
New Requirements	530	546	547	548

Other	496	437	384	584
Total Net Service Pressures	2,207	2,138	2,015	2,320

- 4.47 Demand - reduced income – A budget pressure is included in the revenue budget for 2024/25 to reflect the income shortfalls that we are seeing particularly in relation to the Pavements shopping centre and other town centre commercial and retail property (**£490k**) due to increased void rates which has impacted on rental, service charge and business rates income. There is also a further anticipated budget reduction in car parking income (**£110k**) which is over and above the £400k pressure included in the 2023/24 base budget. Income from all car parks is lower than expected due to the longer than expected recovery of the economy post pandemic and the ongoing economic impact on town centre footfall.
- 4.48 Demand - cost pressures – These relate mainly to the homelessness service (**£100k**) which is under significant pressure from the increased use of bed and breakfast temporary accommodation, increased costs in relation to private sector housing enforcement activity (**£40k**) and additional resources required within the revenues and benefits service (**£194k**) due to Government delays in implementing universal credit migration and (**£100k**) in relation to Housing Benefits Subsidy. Additional pressures are also emerging within the ICT service (**£128k**) relating to data storage and cloud infrastructure costs.
- 4.49 New Requirements – These relate primarily to new and enhanced software requirements within the ICT service (**£500k**) particularly in relation to elections mobile functionality, egress secure data transfer, Salesforce and MuleSoft applications. An assumption has been made that **£334k** of ICT costs are transformational in nature i.e., they will either generate further savings or future cost avoidance and therefore meet the criteria for the use of capital receipts flexibility.
- 4.50 Other Pressures – These include additional financing costs, primarily due to increases in interest rates, particularly on short term variable rate loans, partially offset by the increased income from our investments (**£250k**). There are increased cost of External Audit (**£90k**) following the procurement of audit services through the national scheme. There has also been a realignment of cultural services budgets (**£156k**) due to the closure of the Pomegranate Theatre in June 2023 in preparation for the Stephenson Memorial Hall restoration project.

Savings and Efficiency Proposals

- 4.51 Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council's Budget Strategy.
- 4.52 **£539k** of new stage 1 savings proposals were built into the draft MTFP. These are largely officer operational decisions or decisions delegated to Cabinet members. These are proposals that will have little or no impact on service delivery and limited policy implications if at all. They are as a direct result of in year budget reviews, the appropriate charging out of service costs to grant funding or bespoke reserves, services' behaving more commercially or implementation of limited-service transformation measures. Some of these proposals are one off and, as such, will fall out in future financial years. The ongoing impact of these savings proposals is £269k in 2027/28. Details of the individual proposals are set out in **Appendix A**.
- 4.53 The Stage 2 savings proposals however required further development. Following on from the approval of the Budget Strategy Implementation Plan in November, officers have progressed the development of these proposals through to appropriate decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making. A total of **£1.614m** of savings proposals in 2024/25 have been subject to separate reports that have been approved by Cabinet (or Joint Cabinet and Employment and General Committee) over the last few months.
- 4.54 A further **£607k** of Stage 2 savings proposals are referenced in the following bullet points. As will be evidenced, as officers have worked through these savings proposals it has been shown that most can be achieved through operational decisions with little or no impact on service delivery, however, there are a number of savings proposals where Cabinet will need to make a decision, and these are highlighted for ease of reference. Cabinet are therefore invited to consider and approve the savings proposals for immediate implementation, to enable their incorporation into the budget estimates for 2024/25 and the MTFP.
- **Achieving cost neutral provision of outdoor sports and leisure activities; bowls, football pitches, cricket festival, other subsidised activities.** Environmental Services has and will continue to work across all of these areas to deliver the forecast savings set out in the November 2023 Budget Strategy Implementation Plan report.
- Currently, positive engagement work has taken place with clubs using bowls greens and as a result of this work the service will deliver on the identified savings for 2024/25, with a further assessment planned for late Spring / early Summer in relation to whether the full level of forecast savings can be achieved in future financial years.

Work regarding savings and efficiencies relating to the provision of grassed football pitches across the Borough is underway. Engagement has already taken place with the Derbyshire Football Association and further engagement is planned with the Football Foundation regarding funding options and opportunities that might be available to the Council to support this specific proposal and deliver the required savings for 2024/25. This work will progress over the coming months recognising that any new arrangements for funding the provision of grassed football pitches will need to be in place for the start of the new football season.

The service is confident that it is able to cover the costs of other subsidised outdoor sports and leisure activities through the application of grant funding, and as a result will achieve the forecast savings associated with these activities.

- **Move towards a cashless council approach** – Cash volumes are continuing to reduce as the Council transitions to taking card payments in its venues, and it is expected that savings of at least £36k can be delivered from 2025/26.
- **Transform the delivery of the Community Safety functions across the Council to deliver improved outcomes** – Over the last couple of years, and in particular following the approval of the new corporate Anti-Social Behaviour Strategy, noticeable improvements have been made in reducing anti-social behaviour in communities and dealing with environmental health complaints. This has been accomplished through community safety, housing management and private sector housing working more effectively together and has resulted in the immediate achievement of a £60k annual saving to the General Fund as it has not proven necessary to recruit to a long-term vacancy within the council's establishment. More significant changes to other working arrangements between community safety and housing management are also being developed, however, it is recognised that any further savings that arise as a result of any service re-shapes would fall to the Housing Revenue Account (HRA).
- **Refocus Your Chesterfield as a digital newsletter** – Removal of hard copies of the newsletter. It is expected that the forecast savings will be achieved from the reduction in printing and postage costs.
- **Visit Peak District and Derbyshire (VPDD)** – Recent consultations with relevant stakeholders and Visit Peak District and Derbyshire (VPDD) have identified a national and regional changing picture with regards to the establishment of Local Visitor Economy Partnerships (LVEPs), which with the imminent establishment of the East Midlands County Combined Authority (EMCCA) could provide a useful vehicle to support the Council with delivery of its visitor economy strategy. This has led to an amended savings proposal that removes the permanent annual revenue contribution

that the Council makes to support VPDD and replaces it with one-off funding of £10.5k for 2024/25 only. This approach provides the Council with an additional 12 months to fully understand the implications and value of the emerging LVEPs. However, **Cabinet is asked to approve the allocation of £10.5k from the Markham Vale Business Rates Retention Reserve to enable the full saving relating to this proposal to be realised in 2024/25.**

- **Reduce grounds maintenance of highway verges to Highway Authority requirement and review and reduce operational costs of managing and maintaining parks and open spaces - grounds maintenance, public toilet provision, evening park closures.** The Council's Voluntary Redundancy / Voluntary Early Retirement (VR/VER) scheme has resulted in several Environmental Services employees expressing interest in taking advantage of the scheme. Alongside consideration of whether or not to recruit to a number of existing vacancies within the Service's establishment, the need to respond to the VR / VER request has provided the opportunity for a fundamental review of the range of work undertaken by Environmental Services, the planning and programming of this work and task allocation.

Through this programme of review, it has been identified that the forecast savings of £162k per annum could be achieved through the removal of five full time equivalent posts within the service.

The impact of this reduction in staff numbers would mean that the maintenance carried out to the borough's highway verges would reduce to align with the amount of funding that Derbyshire County Council currently provide to the Council to deliver this service. Other impacts, however, would be managed through better aligning service delivery across the borough to service need, and whilst response times to particular issues may be less timely than at present, the service is confident that all current street cleaning and grounds maintenance activities will continue to be resourced and prioritised to appropriate levels and in line with the council's health and safety and statutory responsibilities.

There are no changes currently planned to public toilets provision within the borough's parks and open spaces, however, these services will be part of an ongoing review programme given the discretionary nature of their provision.

Due to the risks relating to anti-social behaviour, no changes to the current arrangements for the out of hours locking of parks and open spaces are proposed at this time. However, these arrangements will also form part of the afore mentioned ongoing review programmes.

The removal of the five posts will be achieved through either VR / VER or the deletion of vacant posts or a combination of the two.

- **Proposal – review and reduce costs of parks-based community events and activities – Stand Road Fireworks display, East Midlands in Bloom competition, other parks activities.**

Environmental Services are responsible for the delivery of the Stand Road Fireworks display. This responsibility is significant and presents a major draw on staff time to enable the event to take place safely. In addition, the inevitable restoration work that is needed within Stand Road Park post the event also falls upon Environmental Services.

Given the planned reduction in the Service’s staffing establishment, the increasing costs associated with delivery of the event (£25,000) and the conflict and compatibility issues relating to climate change and animal welfare, it is proposed to cease delivery of the annual Stand Road Fireworks display with immediate effect. **Cabinet is therefore asked to consider and make a decision on the proposal.**

The Council has taken part in East Midlands in Bloom for over a decade, with last year the Borough winning the title of Best Small City in both 2022 and 2023. Taking part is a major undertaking for the Council both in terms of direct costs associated with the event and significant indirect costs in the deployment of staff to deliver the standards of street cleanliness and grounds maintenance required ahead of the annual judging process. This responsibility is significant and again presents a major draw on staff time within Environmental Services.

It is therefore recommended to Cabinet that the Council’s participation in the annual East Midlands in Bloom Awards ceases with immediate effect. However, it is proposed that staff continue to work with the long established In Bloom Committee of volunteers to see whether there are any activities that could be sustained at a Chesterfield level.

The Council also carries out a range of discretionary activities in its parks and open space. It is proposed that these will continue to be provided, however, only where it is possible for the costs of doing so to be covered by grant funding. In this regard, the Council already has a good track record in securing small grants to enable activity programmes to take place in our parks and open spaces. This would then allow for the removal of the annual revenue funding that the Council allocates for this purpose.

- **Removal of vacant posts and savings from voluntary redundancy and voluntary early retirement.** A voluntary redundancy and voluntary early retirement scheme was launched in 2023. This scheme has helped the council to reduce its workforce by approximately 30 FTE on a voluntary basis, removing the need for compulsory redundancies at this time. The scheme has supported the delivery of many of the savings

proposals set out in this report and outside of these savings, further savings of £200k have been realised.

- 4.55 In addition, there are 4 savings proposals with a value of **£186k** which are still subject to consultation, engagement and further approval. These proposals are summarised in the following bullet points:
- **Reshaping HR and Payroll Service to drive out efficiencies** – Review of service to include the use of Support Services to provide administrative support. This proposal is subject to further engagement and approval.
 - **Implementation of an appointments system for Customer Services at the Town Hall** – Proposal to move to deliver face to face customer services via an appointment-based system rather than the existing drop in system. This proposal is subject to further engagement and approval.
 - **Phasing out Voluntary Sector Advice Agency Grants** – The Council currently provides four community and voluntary sector organisations with core grant funding of £217.7k (64% (£139k) from the General Fund and 36% for the Housing Revenue Account). This proposal is subject to a 12-week consultation period. A report will be presented for Cabinet consideration and decision on 19 March 2024.
 - **Review and reduce costs of Chesterfield town centre events programme – outdoor markets and specific events, Christmas lights switch on.** The MTFP assumes that the annual estimated savings associated with this proposal will be achieved, however, the proposal will be the subject of a future report to Cabinet.
- 4.56 The savings associated with the proposals described in the preceding paragraph have been included within the overall budget for now, however, should these proposals not be approved then a contribution from the Budget Risk Reserve will be required to cover the value of the savings. Alternative savings proposals would also then be required to be put forward, during 2024/25, to replenish the reserve. The inclusion of these savings proposals in the budget report does not constitute approval or pre-empt a decision.
- 4.57 **Terms and Conditions of Employment.** In addition to the voluntary redundancy and voluntary early retirement scheme, the Council is currently engaged in negotiations with recognised Trade Unions to implement a series of temporary and permanent changes to terms and conditions of employment which will result in revenue savings of approximately **£100k**. The negotiations are expected to be concluded during the first half of 2024/25. With any key decision reserved for future consideration and approval by Joint Cabinet and Employment and General Committee.
- 4.58 **Net additional income for the One Waterside Place development –** There is a net additional saving of **£33k** from this development. Increased

rental income of £250k has been offset by the costs of financing the development.

4.59 In total, **£2,407m** of Stage 2 savings have been achieved for 2024/25, with the ongoing impact set to rise to **£2,791m** in 2027/28; though as already referenced some of these are still subject to appropriate consultation and decision making. The full list of savings are detailed in Table 2 below.

Detail	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Reshape HR and payroll service to drive out efficiencies	10	10	10	10
Subtotal: Efficiency and Alternative Funding Theme	10	10	10	10
Increasing Fees and Charges in line with the updated Fees and Charges Policy				
• Car Parking	234	234	234	234
• Leisure Centres	348	348	348	348
• Trade Waste	37	37	37	37
Achieving a cost neutral provision for outdoor sports and leisure activities				
• Bowling Greens	20	40	40	40
• Football Pitches	40	80	80	80
• Cricket Festival	0	12	12	12
Review of Cultural Community and Commercial Spaces				
• Hasland Village Hall	17	17	30	30
• Assembly Rooms	4	57	57	57
• Revolution House	5	9	9	9
Introduction for charging for the collection of Garden Waste	373	442	442	442
Review of resident's town centre Car Parking Scheme	126	126	126	126
Review of Sports Centre operations to achieve a cost neutral budget position	180	180	180	180
Review of Winding Wheel operations to achieve a cost neutral budget position	172	172	172	172
Subtotal: Increase Income / Commercial Theme	1,556	1,754	1,767	1,767
Implementation of an appointment system for customer services at the town hall	18	18	18	18
Move towards a cashless council approach	0	36	36	36
Transform the Visitor Information Service - digital deliver	38	38	66	66
Transform the delivery of the CCTV operations using improved technology	80	80	80	80
Transform the delivery of the Community Safety functions across the Council to improve outcomes	60	60	60	60
Subtotal: Transform Service Delivery Theme	196	232	260	260

Phasing out Voluntary Sector Advice Agency grants - full saving is £217.7k by year 2027/28. £36k of the savings in 2024/25 are within the Housing Revenue Account	58	78	137	137
Refocus Your Chesterfield as a digital newsletter	27	27	27	27
Review of Coach Station provision	0	30	30	30
Withdrawal of funding from Marketing Derbyshire and Peak District Partnership (year 1 funding from UKSPF)	14	14	14	14
Review and reduce the costs of Chesterfield town centre events programme including outdoor markets and specific events / Christmas lights switch on (year 1 funding from UKSPF)	100	100	100	100
Reduce grounds maintenance of highway verges to Highway Authority requirement and review and reduce operational costs of managing and maintaining parks and open spaces - grounds maintenance, public toilet provision, evening park closures	162	162	162	162
Review and reduce costs of park-based community events and activities including Stand Road fireworks display/ East Midlands in Bloom/ other park activities	84	84	84	84
Subtotal: Reduce Service/ Stop doing	445	495	554	554
Removal of vacant posts/ Voluntary Redundancy/ Voluntary Early Retirement	200	200	200	200
Subtotal: Rightsizing the Organisation	200	200	200	200
Total Stage 2 Savings	2,407	2,691	2,791	2,791

Council Tax & Collection Fund

4.60 The overall Council Tax base for 2024/25 has been calculated and set at **30,443.17**, an increase of just over 0.7% from 2023/24. The Tax Base provides an estimate of how much each £1 of Council Tax would raise and is expressed in terms of an equivalent number of Band 'D' dwellings in the borough. A meeting of the Council's Employment and General Committee has been arranged for members to consider and approve the Tax Base set out in Table 3. The MTFP also assumes a collection rate of 98.25%.

Area	2023/24	2024/25	Increase	
			No.	%

Chesterfield (whole area)	30,222.43	30,443.17	220.74	0.7
Staveley Town Council	4,434.99	4,500.49	65.50	1.5
Brimington Parish Council	2,508.11	2,525.03	16.92	0.7

- 4.61 To help maintain and protect current levels of service provision the MTFP assumes a Council Tax increase of 2.99% in 2024/25, in line with the referendum limit set by the Government. The Band D Council Tax would increase by **£5.54** - from £185.27 to **£190.81** in 2024/25 and would have the following impact on local taxpayers:
- For a Band 'A' property (more than half the properties in the Borough), the increase is equivalent to an extra **£3.69** per annum or 7.10 pence per week.
 - For a Band 'D' property, the increase is equivalent to an extra **£5.54** per annum or **10.7** pence per week.
- 4.62 A 2.99% increase together with the increase in tax base will contribute an additional **£72k** per annum, over and above that which had been assumed in our original MTFP assumptions, to be invested in local service provision. The Council's share of the overall Council Tax bill is approximately 10%.
- 4.63 Collection Fund Balance – The estimated year-end balance is a deficit of £100k, this deficit is shared amongst the major precepting authorities; the Borough's share is **£10k** (10%).
- 4.64 Local Council Tax Support Scheme - Since 2013/14, the Council has operated a local scheme which requires property occupiers of working age to pay at least the first 8.5% of the Council Tax liability for their property. The 'taper,' i.e., the rate at which support is withdrawn as income increases, is set at 20%. Those of pensionable age continue to receive up to 100% support. The scheme is to remain unchanged for 2024/25. The Council will continue to work with householders and local advice agencies to ensure that those experiencing difficulties paying their Council Tax bills receive appropriate advice and support.

Balancing the budget

- 4.65 Table 4 sets out the final budget position, showing the movements (increases and decreases) from the original estimates within the MTFP approved in February 2023.

Table 4: Updated budget				
Gap	2024/2 5 £000	2025/2 5 £000	2026/2 7 £000	2027/2 8 £000

Existing MTFP gaps @ Feb 2023	2,535	3,403	3,403	3,803
<u>Pressures</u>				
Pay award – impact of 2023/24 and 3% in 2023/24	798	798	798	798
Increase in Bad Debt Provision	50	50	50	50
Utilities (gas and electricity)	(250)	(150)		
Inflation	279	540	610	685
Service Pressures / other	2,207	2,138	2,015	2,320
Flexible use of capital receipts to fund ICT costs	(334)	0	0	0
Gaps after cost pressures	5,285	6,779	6,876	7,656
<u>Updated funding assumptions</u>				
Revenue support Grant	(153)	(279)	0	0
Less Grants rolled in	165	165		
New Homes Bonus	(24)	0	0	0
Service Grant/ Funding Guarantee	(519)	(445)	0	0
Business Rates/ S31Grants/ contribution	(1,504)	(503)	(200)	(200)
Additional Pooling	(50)	(100)	0	0
Collection Fund deficits (Council Tax and NDR)	165	0	0	0
Council Tax assuming 2.99% increase	(72)	(72)	(72)	(72)
Gaps after cost pressures and funding	3,293	5,545	6,604	7,384
<u>Balancing the budget</u>				
Stage 1 Savings	(539)	(529)	(269)	(269)
Stage 2 Saving	(2,407)	(2,691)	(2,791)	(2,791)
Terms and Conditions saving	(100)	(100)	(100)	(100)
Net additional income One Waterside Place	(33)	(33)	(33)	(33)
Use of the Budget Risk Reserve	(214)	0	0	0
Budget Gaps	0	2,192	3,411	4,191

- 4.66 **The use of Reserves to balance 2024/25** - The Council has established a Budget Risk Reserve, as a supplement to the General Fund Working Balance, to provide a further contingency for unforeseen items. It is recommended that **£214k** of the budget risk reserve be used to smooth the gap in 2024/25.
- 4.67 Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice. However, the introduction of the expected fair funding reforms, which are expected to consider how Government funding is best redistributed to areas of need, still do not have a confirmed implementation date. The impact of this will remain unknown until further information is provided. This means that how much funding the Council can expect to receive from Government over the medium term continues to remain speculative beyond the financial year 2024/25.
- 4.68 Given the size and scale of the financial challenge set out in **table 2**, it is acknowledged that the Council will not be in a position to set a balanced

MTFP over the 4-year period. Instead, the Council has focused to date on the delivery of ongoing, sustainable savings in the current financial year and in 2024/25 that will go some way to addressing the gaps in future financial years.

- 4.69 The 2025/26 budget process will, therefore, require an early focus to allow maximum time for the development and delivery of further budget savings. There are likely to be more difficult decisions for the Council to make in the coming financial year.

Reserves balances

- 4.70** Reserves are an important part of the Council’s financial strategy and are held to create long-term financial stability. They enable the Council to manage change and are a key element of its financial standing and resilience. The Council’s key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks. The Council’s Reserves Policy is set out in **Appendix F**.

- 4.71 General Fund Working Balance – The General Fund working balance has been set at **£1.5m** and has been informed by the detailed risk assessment undertaken as part of the annual budget-setting process. The on-going financial risks set out in this report suggest it imprudent to consider reducing this amount. The Council has also previously established a Budget Risk Reserve, as a supplement to the General Fund Balance, to provide a further contingency for unforeseen items. The Budget Risk Reserves is classified as an earmarked reserve and its balance (**£1.3m**) is included within table 5 below. Details of the updated assessment of financial risks and uncertainties is provided in **Appendix D**.

- 4.72 Earmarked Reserves - In addition to the General Working Balance the Council maintains several other reserves. Earmarked reserves, by their very nature, are set aside and committed for specific purposes, such as property repairs and vehicle & plant replacements. Table 5 below shows a summary of projected balances on these reserves at 31 March 2024. The summary of useable reserves excludes the General Working Balance of £1.5m, S106 and Community Infrastructure Levy sums. Further details on individual reserves are provided in **Appendix G**.

Type	Estimated Balance @ 31 March 2024 £000
Insurance Reserves	706
Reserves held to mitigate risk	3,331
Corporate initiatives	240
Service Specific	3,285

Asset Maintenance and Vehicle Replacement	1,643
Revenue reserves held for Capital	149
Other minor balances	137
Total Reserves	9,491

Financial Stability and Resilience – Robustness of estimates and adequacy of reserves

- 4.73 The Local Government Act 2003 (section 25) requires the Chief Financial Officer (CFO) to report on the robustness of estimates and the adequacy of financial reserves when the statutory calculations to determine the Council Tax are reported. The CFO is the officer responsible for administration of the Council's financial affairs for the purposes of Section 151 of the Local Government Act 1972.
- 4.74 Robustness of estimates - The Medium-Term Financial Plan forms the overarching framework within which the Council's financial planning and management activity takes place. The annual budget is an integral part of the rolling multi-year MTFP. This approach enables it to support delivery of the Council's priorities and services as detailed within the Council Plan.
- 4.75 The assessment of the robustness of the budget estimates focuses on the likelihood that actual spending and income may vary from the 2024/25 budget, the long-term financial sustainability of the Council, the impact on reserves of the current budget strategy and the subsequent impact on the financial health of the organisation.
- 4.76 The Council has well established and robust budget processes. These have been followed when compiling the 2024/25 budget and medium-term projections. A prudent approach has been taken to the estimates and assumptions used in the preparation of the budgets. The focus was to deliver a balanced 2024/25 budget in line with legal requirements rather than to deliver a medium-term financial plan in the face of so much uncertainty. Following a period of intensive financial work, the Council is able to present a balanced budget for 2024/25.
- 4.77 However, the Council is subject to significant market uncertainties that make the estimation of costs and income difficult. CPI inflation remains high, and the labour market is particularly difficult, with many areas of the Council finding staff recruitment and retention difficult, leading to the need to take on interim staff to maintain service delivery. Furthermore, adverse economic conditions are leading to an increase in service demands. As a result of these challenges the estimates contained within the budgets are less robust than would normally be expected.

- 4.78 In addition, the outlook for local government funding remains uncertain. This is the sixth year that a single year financial settlement has been announced. This hinders financial planning and makes it more difficult for the Council to achieve financial sustainability. Fundamental changes to the distribution of funding have been delayed and implementation of any such changes are not now expected until 2026/27. The assumption in relation to future funding reflects a prudent view and could be more negative than the eventual outcome.
- 4.79 In constructing the budget estimates, priority has been given to funding existing and emerging service pressures. These have been subject to vigorous review, scrutiny and challenge by budget holders, Corporate Leadership Team and members.
- 4.80 The scale of savings to be achieved by the Council over the coming financial years is considerable.
- 4.81 The savings proposals have also been subject to robust challenge and the MTFP assumes that they will be delivered in full. In this regard, savings delivery plans have been introduced as part of the 2023/24 MTFP process. These delivery plans are to give the Council and the S151 Officer the necessary assurance that the savings included within the budget estimates are robust, credible and deliverable. The Corporate Leadership Team will assume accountability for achieving the commitments set out in the delivery plans. Future savings proposals will require, in all likelihood, fundamental changes in the way that the council operates, and services are delivered.
- 4.82 Subject to the risks and uncertainties highlighted elsewhere in this report and in **Appendix D**, the CFO is satisfied that the estimates are based on the best available information and that procedures are in place to ensure the estimates are accurate and reliable. Budget responsibility is devolved to budget managers supported by finance colleagues. A robust approach to risk management minimises the inherent risks and uncertainties in the forecasting process.
- 4.83 The Council recognises the importance of individual and collective accountability and requires managers to actively manage and monitor their budgets throughout the financial year and to undertake any required corrective action at the earliest opportunity.
- 4.84 Levels of reserves - details of the Council's reserves are provided in **sections 4.70 – 4.72** above. The assessment of reserves is important in the context of the sustained cuts in funding, the level of risk and depletion of reserves. It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure or a failure to achieve budgeted savings is never advised, except in emergencies and/or to enable transition to new ways of working. Whilst the use of reserves to date has been deemed to be affordable, they are now at a level whereby any significant

further use would leave the Council exposed to risk and unable to manage potential risks. During the budget setting process for 2025/26 it is advised that efforts be made to identify additional sums to replenish and supplement the reserves as part of the Council's overall Budget Strategy.

- 4.85 The General Fund minimum working balance is being maintained at **£1.5m** to recognise the financial risks the Council currently faces. The updated Budget Risk and Sensitivity Analysis in **Appendix D** also supports the General Fund minimum working balance being maintained at this level.
- 4.86 Housing Revenue Account Reserves – The HRA budget is set out in a separate report to this Cabinet. The HRA working balance is a statutory reserve that should hold sufficient revenue funds to meet unexpected, unplanned expenditure and / or shortfalls in income. The level of the working balance has been reviewed based on a thorough assessment of budget risks and uncertainties and whilst it is sufficient for 2024/25, this position has only been achieved by the removal of Direct Revenue Financing, as this is no longer deemed affordable, and the pausing of voluntary debt repayment for a second year. The 2024/25 budget currently shows a gap of £729k and, whilst the forecast deficits over the MTFP reduce year on year, it is 2028/29 before there is no reliance on the use of the HRA working balance to deliver a balanced budget.
- 4.87 Given the size and scale of the challenges the CFO advises that a fundamental review of the HRA Medium Term Financial Plan and 30-year Business Plan be undertaken during 2024, to review the assumptions informing their construct, the finances needed to maintain the council's housing stock at least to the minimum Decent Homes Standard and achieve compliance with new regulatory standards, and identify the savings and efficiencies that will need to be made over the medium term to maintain a balanced, risk-adjusted and financially resilient Housing Revenue Account.
- 4.88 The CFO considers the budget estimates for the financial year 2024/25 to be robust and the financial reserves, up to 31 March 2025, to be adequate. However, it should be noted that the position in future financial years will depend on the Council's success in delivering planned budget savings and its ability to replenish and apply surpluses to maintain and bolster the levels of both earmarked and unearmarked reserves. Given the financial challenges, and the size and scale of future budget gaps, the CFO advises that the 2025/26 budget process will require an early focus to allow maximum time for the development and delivery of future budget savings. This should include creating headroom within the budget for replenishing reserves as part of the Council's overall Budget Strategy.
- 4.89 Whilst legislation requires that the CFO comments on the robustness of estimates and the adequacy of reserves, good practice requires consideration of two further matters.

- The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed a **Financial Resilience Index** which is a comparative analytical tool to support good financial management. The index illustrates a range of measures associated with financial risk including levels of reserves as a proportion of the Council's overall budget.
- CIPFA has also produced a **Financial Management Code** to support good financial management and demonstrate a local authority's financial sustainability, giving assurance that an authority is managing its resources effectively. Compliance with this Code will help strengthen the framework that surrounds the Council's financial decision making.

The Code is based on a set of principles supported by specific standards and statements which are considered necessary to help councils manage their finances in the short and medium term and demonstrate financial resilience to meet unforeseen demands on services and unexpected challenges in their financial circumstances.

The Council will continue to assess its compliance against the Index and the Code. The CFO will also be undertaking rigorous training for elected members and officers on the implications and actions needed to meet the requirements of the code as part of a programme to enhance financial management skills and accountabilities across the organisation.

Flexible Use of Capital Receipts Strategy

- 4.90 As part of the Provisional Local Government Settlement, the Government announced in December 2023 that there would be a continuation of the capital receipts flexibility programme until March 2030 to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.
- 4.91 The Guidance on the Flexible Use of Capital Receipts allows set-up and implementation costs to be counted as qualifying costs, however the ongoing revenue costs of new processes or arrangements cannot be included. The Council is not obliged to fund transformation projects from capital receipts, however, on the adoption of this strategy, will have the option to do so.
- 4.92 The Council intends to utilise **£1.141m** of capital receipts flexibility in 2023/24 and **£1.334m** in 2024/25. Full details can be found in the Flexible Use of Capital Receipts Strategy Revised 2023/24 and 2024/25 attached at **Appendix C**.

Consultation, Budget Conversation and Engagement

- 4.93 The Council committed to engage with residents and stakeholders on an ongoing basis when approving its Budget Strategy Implementation Plan. This has taken the form of a 'budget conversation' from 17 November to 15 December 2023. Respondents were asked to take part in a short survey and answer a series of broad questions about where and how they think council budgets should be spent. The invitation to take part in the Budget Conversation was shared via social media and on the council's website. Paper copies were also available at key locations (Visitor Information Centre, Town Hall, Queens Park Sports Centre, Staveley Healthy Living Centre and Brimington Parish Council Office).
- 4.94 Information gathered during the budget conversation, including comments and individual submissions, have been used to inform proposals and key decision considerations including equality and climate change impact assessments. The outcomes of the Budget Conversation are set out in **Appendix E**.
- 4.95 There have also been focussed pieces of consultation and engagement on specific savings proposals with relevant stakeholder audiences in parallel with the budget conversation process.
- 4.96 The consultation meeting with the business ratepayers' representatives took place on 5 February 2024. Issues discussed included current business rates relief schemes, planned changes to the business rates system, the Council's budget forecasts and the Council's options with regards increasing Council Tax in the coming financial year.

Other Local Council Taxes

- 4.97 Details of the Council Taxes for each major preceptor and by each tax band will be shown in **Appendix I** (to follow).

Calculation of Expenditure

- 4.98 The calculation of expenditure required under Section 32 of the Local Government Finance Act 1992 is shown at **Appendix H**.

5 Alternative options

- 5.1 There are other options in terms of increasing Council Tax by a lesser amount, but this would put pressure on already stretched Council resources. The Council is facing a number of future risks and uncertainties, and these are set out in the body of the report and within **Appendix D**. This is the sixth one-year settlement for councils and continues to hamper the ability to undertake effective financial planning and ensure financial sustainability.
- 5.2 A 2.99% Council Tax increase, together with the tax base adjustments, will contribute an additional **£72k** per annum, over and above that already

assumed within our estimates, to be invested in local service provision. Chesterfield is a relatively low tax-base council with most properties in band A and B. Any increase in Council Tax will raise less additional revenues than higher tax-base authorities.

- 5.3 It is important to note that the Government assumes in the Core Spending Power calculation that councils will increase Council Tax at the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power would be reduced going forward with no funding from Government to mitigate this.

6 Implications for consideration – Financial and value for money

- 6.1 The report in its entirety deals with financial and value for money implications.

7.0 Implications for consideration – Legal

- 7.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Before setting the level of the Council Tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimate brought forward from previous financial years, and any amounts required to be transferred between funds. The Council Tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the income and expenditure account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous financial years.

8.0 Implications for consideration – Human resources

- 8.1 There are no human resource implications to consider in this report.

9.0 Implications for consideration – Council Plan

- 9.1 In preparing the budget estimates for the coming financial year and updating the MTFP, detailed consideration has been given to the need for the Council's finances to be at levels appropriate to enable the Council to deliver in full on the priorities and objectives that it has set out within the Council Plan for the period 2023 to 2027.

- 9.2 The preparation of sustainable and balanced budgets over the medium term is also a key activity in contributing to delivery of the third Council Plan priority 'building a resilient council.'

10.0 Implications for consideration – Climate Change

10.1 Climate Change has been a key consideration during the development of the Medium-Term Financial Plan. Climate Change Impact Assessments are undertaken for specific spending options and activities and form a key part of informed decision making. The Medium-Term Financial Plan makes a significant positive climate change commitment with the mainstream funding package to enable the staffing resource and project funds required to support the Climate Change Strategy and delivery of the council’s Climate Change Action Plan and 2030/2050 targets.

11.0 Implications for consideration – Equality and diversity

11.1 Equality and diversity has been a key consideration during the development of the Medium-Term Financial Plan. Equality and Diversity Impact Assessments are undertaken for specific spending options and activities and form a key part of informed decision making.

12.0 Implications for consideration – Risk management

12.1 There are a number of significant risks inherent in any budget forecasting exercise and these risks increase as the period covered increases. The most significant budget risks have already been referenced. A more detailed budget risks and sensitivity analysis is included at **Appendix B**.

Decision information

Key decision number	
Wards affected	

Document information

Report author	Contact number/email
Theresa Channell Karen Ludditt	Theresa.channell@chesterfield.gov.uk Karen.ludditt@chesterfield.gov.uk
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix A	Stage 1 Savings
Appendix B	General Fund Summary - marked to follow
Appendix C	Flexible use of Capital Receipts Strategy
Appendix D	Budget Risks & Sensitivity Analysis
Appendix E	Budget Conversation Report
Appendix F	Reserves Policy

Appendix G	Reserves
Appendix H	Section 32 Statement – marked to follow
Appendix I	Council Taxes – marked to follow