

### **33. DRAFT BUDGET 2025/26**

The Strategic Director of Resources presented the first two of four reports for consideration, these being the Draft 2025/26 Robustness of Budget Estimates and Draft Capital Strategy, Treasury Management Strategy and Prudential Indicators. Additionally, he referred to the associated Cabinet reports being published in a single document as an additional paper to make all documents easily accessible.

The Chair requested clarity about the management of risk regarding the General Fund overspend in 2024/25.

The Strategic Director of Resources advised that a key contributor had been the pay award, which had consequently been more cautiously budgeted for in the 2025/26 budget. The use of agency staff had also contributed. It was intended that these issues would be accounted for in the 2025/26 General Fund Budget.

Some Members suggested that reserves should be invested to improve service delivery and that the use of capital expenditure to certain posts could reduce use of agency staff and consultants, which would thus lead to a net saving for the General Fund budget.

The Strategic Director of Resources advised that sensitivity analysis and scenario planning would be undertaken in Spring 2025 to assist the Medium-Term Financial Plan. Though the projected Business Rates Reserve would be approximately £30 million by 2029/30, significant amounts of this would be invested. Furthermore, it was prudent to retain healthy reserves due to medium and long-term financial uncertainty, a situation facing all local authorities. The Chair accepted this but suggested it should be clarified in future budgets that a portion of the Business Rates Reserve would be invested.

The Chair requested clarification on the expected Business Rates reset. The Strategic Director of Resources advised that 2026/27 was the year when the changes were expected, but there would be a transitional period. The expectation was that the Council would see a reduction in business rates funding, and the Finance Team were working with external consultants to model this.

The Strategic Director of Resources presented the final two reports, these being the Draft 2025/26 General Fund Budget and Council Tax and Draft 2025/26 Housing Revenue Account and Rent Setting.

In response to a Member, the Strategic Director of Resources clarified that the £500,000 allocated for salaries within the General Fund Capital Reserve was a budgeting procedure which other local authorities also utilised, and which went through a robust process to demonstrate these could be capitalised within accounting conventions.

A discussion was had about the plans to partner with a registered provider to mitigate issues regarding homelessness, within the HRA budget. The Strategic Director of Communities advised on the factors leading to an increase in homelessness within the district and nationally. He agreed to provide the Committee with an update on the status of the registered provider project. The Committee were updated on the grant received from government for next year.

The Chair noted that the General Fund Revenue Account had only been balanced this year by drawing from reserves to support one-off expenditure. He also noted that the planned increases in staffing focused on internal facing rather than external facing staff, and there had been a reduction in Community Focus staffing provision.

In response, the Strategic Director of Resources clarified that the Community Focus post had been vacant since early 2024 without impacting service delivery. The new posts the Chair referred to had followed the standard process of Heads of Service being provided with the opportunity to make additional resource requests as part of the budget setting process. He also emphasised that though the pay award had been funded from reserves last year, he wanted to move away from this. Improved financial performance monitoring, the Transformation Programme, and schemes to solicit more external grant funding would all contribute to avoiding this scenario in future years.

A Member expressed concern at the reduction of the new supply programme in the HRA budget and the lack of ambition shown. Officers suggested this was not the case and simply reflected planned investments rather than a vehicle for aspirational approaches. They would provide a note to the Committee outside of the meeting with further details.

A discussion was had about the reduction of a staff member working at the Measham Community Leisure Centre. The Strategic Director of Communities advised that this had been done in consultation with the Leisure Centre. He would provide further information outside of the meeting.

A discussion was had about the HRA underspend and whether this related to a lack of suitable sites, and the HRA repayment reserve and the prospects of rolling debt over. Officers advised that the budget followed identified lines, not aspirations, so projected future underspends related to a lack of currently identified sites. Officers also noted that the HRA Business Plan would be updated next year and the debt management options would be considered with external treasury advisors.

The Chair thanked Members for their comments, which would be presented to the Cabinet on 9 January 2025.