

**2024/25 Budget
Report to Council:
Scrutiny
28 Feb 2024**

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Summary

- 8 Feb Council – approval of BAU budget.
- 4 March Council – treatment of historic debt.
- 4 March report also covers:
 - Ongoing costs & implications of debt repayment
 - Council's reserve position
 - Section 25 statement by s151/Finance Commissioner
 - Recommendations for budget related matters including: Hardship Fund, Discretionary Business Rates
 - Formal recommendation on Council Tax for next year.

Debt Position

- Debt issues complex – cannot be resolved in one year.
- Significant work ongoing with Government to understand how Council can set legal budget given scale of debt.
- Govt support on capitalisation and MRP is significant and unprecedented: deficit next year approx. £785m without it.
- £330m capitalisation/£454m of MRP (debt repayment: £356m backdated).
- Too early to have discussions regarding ultimate solution for Gov't: full solution relies on WBC further developing its asset rationalisation programme.

Gov support - summary

Capitalisation
Directive =
£331m

MRP= £454m

Total Support
Package =
£785m

- Allows Council to set legal budget and continue to provide services in 2024/25.
- Future years support will be subject to further work including Asset Rationalisation & Debt Reduction plans.

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Capitalisation Directive

Allows costs in the budget to be capitalised (moved to the balance sheet) and spread over several years, until funds from debt reduction plan are available to meet them.

Minimum Revenue Position

- Government has issued new guidance in relation to provision of MRP (debt repayment).
- Makes clear that WBC's previous approach was not compliant and seeks to prevent this happening again in future.
- However, guidance also makes exception for Council's in serious financial failure.
- This allows MRP of £454m not to be charged.
- Debt repayments then carried forward to be dealt via longer-term debt reduction plan.

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Asset Rationalisation/ Debt Reduction Plans

- Asset Rationalisation Plan aims to optimise value from existing assets
- All Council assets under review, alongside Council Companies with significant asset holdings.
- Debt Reduction Plan key principle: sales proceeds will be applied to reducing level of debt, except for housing assets.
- Council housing assets held within the HRA and requires reinvestment in stock

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Reserves

- Council's reserves currently negative – due to prior year underspends and incorrect accounting.
- However, if report & Government support is approved, the Council will be able to reconstitute a prudent level of general and earmarked reserves.

General
Reserves=
£5m

Earmarked
Reserves =
£11m

Risk
Reserve=
£7m

Statutory Section 25 Statement

- S25 requires Section 151 Officer opinion (incl Fin Commissioner) on robustness of budget/adequacy of reserves
- Draft report states: it is reasonable to set a legal budget for 2024/25, **subject to Govt support**
- Council is making good progress to ensure that it doing everything possible to reduce its level of debt.
- HRA position improved but longer term uncertainty requires further work on 30 year business plan
- Measures have been put in place to restate reserves.

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Council Tax

- Leader met Minister 11th January.
- Clear that support package from Govt includes expectation of 10% increase.
- Executive responded to Finance Working Group and put benchmarked figure to Government.
- 1% penalty on interest for a capitalisation: response to be in Minister's 1 March letter
- 10% tax increases overall bill by 1%
- Raises £1m

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Hardship Fund

- Government have asked WBC to consider how to support those impacted by Council Tax rise.
- Have allocated £100,000 from the additional proceeds of Council Tax rise to support those struggling to pay rising bills.
- Only 1% increase and 100% CTax Support in place
- So, rather than simply extending CT relief scheme, have looked at holistic support offer
- Amended proposal since last Scrutiny
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Hardship Fund Proposal

Extension of
Council Tax Relief
Scheme – £25k

Working with CAW
to strengthen
hardship advice
services – £50k

Replication of the
Household
Support Fund –
£25k

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