

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	15 FEBRUARY 2024	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON Charlotte.jackson@southderbyshire.gov.uk	DOC: S/Finance/Committee/2023-24/February
SUBJECT:	CONSOLIDATED BUDGET REPORT 2024/25 AND MEDIUM-TERM FINANCIAL PLAN TO 2028/29	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

1.1 That the Committee:

- 1.1.1 Note the S151 Officer's statement on the robustness of budgetary estimates and the adequacy of reserves as set out in section 14 of the report;
- 1.1.2 Recommend to Council an increase in Council Tax by the maximum referendum limit of 2.99% from the options set out in section 6;
- 1.1.3 Following approval of 1.1.1 and 1.1.2 recommend to Council the General Fund Revenue Budget for 2024/25, subject to any final adjustments as may be required for Council, as set out in Appendix 1;
- 1.1.4 Recommend that Council approve the HRA budget for 2024/25 as detailed in Appendix 3, and following resolution of the Housing and Community Services Committee at its meeting on 1 February 2024 in respect of the council housing rent increase for 2024/25 of 7.7%;
- 1.1.5 Recommends that Council approves the proposed fees and charges as detailed in Appendix 5;
- 1.1.6 Recommends that Council approves the Capital Programme of the General Fund and HRA for 2024/25, as set out in Appendix 6;
- 1.1.7 Notes the indicative Capital Programme for 2025/26 – 2028/29 and recommends that Council approve the Fleet Replacement budget for 2025/26 to allow for the effective ordering of replacement fleet due to long lead-in times.

Purpose of the Report

- 2.1 The purpose of this report is for the Committee to consider the comments received as part of the budget consultation, receive an update on the medium-term financial outlook and recommend to Council the General Fund and Housing Revenue Account (HRA) revenue budget proposals and the Draft Capital Programmes for approval.

3.0 Introduction

- 3.1 The draft General Fund and HRA Revenue proposals, Fees and Charges and Capital Programmes were considered and approved for consultation by the Finance and Management Committee on 23 November 2023,
- 3.2 The draft budget was presented to this committee at its meeting on 23 November 2023, following earlier engagement on the budget approach with all policy committees throughout September and October 2023. Subsequently, the draft budgets were presented to the Policy Committees, Environmental and Development on 4 January 2024, Housing and Community Services on 8 January 2024 and Finance and Management Committee on 11 January 2024.
- 3.3 This report summarises changes proposed as part of the final budget. It also presents the responses to the budget consultation so that any further final recommendations can be made to Council on 28 February 2023.
- 3.4 The report is divided into several sections with corresponding appendices, which are summarised below for ease:

Table 1 - Report Index

Area	Detail	Relevant Appendices
4.0 Consultation	This section of the report refers to the consultation undertaken.	Appendix 8 – Budget Consultation responses
5.0 Local Government Finance Settlement	This section provides the background to the annual settlement and the current position.	
6.0 Council Tax	Sets out the proposed council tax increase	n/a
7.0 Medium Term Financial Strategy development	Provides an update on the developing Medium Term Financial Strategy	n/a
8.0 Budget Setting Approach	Outlines the core assumptions to setting the 2024/25 budget	n/a
9.0 General Fund	Presentation of the proposed final budget position for 2024/25 and impact to five-year Medium Term Financial Plan (MTFP), including any further changes since the draft budget was presented.	Appendix 1 – General Fund Budget Summary and MTFP Appendix 2 – General Fund Budget Proposals

	All budget changes set out in appendices.	Appendix 7 – Assumptions to the General Fund Medium Term Financial Plan
10.0 Housing Revenue Account (HRA)	Presentation of the proposed final budget position for 2024/25 and impact to five-year Medium Term Financial Plan (MTFP), including any further changes since the draft budget was presented. All budget changes set out in appendices.	Appendix 3 – HRA Budget Summary and MTFP Appendix 4– HRA Budget Proposals
11.0 Fees and Charges	Detail around fees and charge variations proposed	Appendix 5 – Final Proposed Fees & Charges
12.0 Capital Programmes	Presentation of the proposed final capital programme for 2024/25 – 2028/29, including any changes since the draft budget.	Appendix 6 – Capital Programme
13.0 Risk Assessment	An assessment of key risk areas to determine the robustness of estimates and adequacy of reserves.	n/a
14.0 Robustness of estimates and adequacy of reserves	The Section 151 Officer’s current assessment around robustness of the final budget proposals and estimates of reserves. This is the equivalent of the annual report of the Section 151 Officer which accompanies the final budget at Council each February (known as the “Section 25 statement”).	N/A
15.0 Corporate Implications	Provides an overview of corporate implications as per report template.	
16.0 Community Impact	Provides an overview of community impact as per report template. A separate Equalities Impact Assessment has been undertaken.	Appendix 9 – Equalities Impact Assessment Preliminary Assessment Form.

4.0 Consultation

Statutory and public consultation

- 4.1 The consultation on the budget for 2024/25 consisted of statutory and public consultation between 15 December 2023 and the 26 January 2024.
- 4.2 The statutory consultation was undertaken directly with Trade Unions and business community representative organisations the Federation of Small Businesses, Staffordshire Chambers of Commerce, Burton and District Chambers of Commerce and East Midlands Chamber.

- 4.3 Direct consultation was also undertaken with all Parish Councils and the Derbyshire Association of Local Councils (DALC).
- 4.4 All direct consultees were provided with copies of the budget reports and given the opportunity to provide feedback.
- 4.5 The public consultation was undertaken via an online consultation and communicated over social media platforms. The survey shared several high-level features of the budget for 2024/25 and asked respondents whether they were in support and any further views. A total of 119 responses were received, 114 of which were from residents, 3 were businesses and 1 employee and 1 resident who was also representing a charitable organisation.
- 4.6 An update was also shared in the Local Authority Update at the January and February 2024 Area Forums.
- 4.7 A summary of all consultation responses is set out in appendix 8.
- 4.8 There are no proposed amendments to the budget proposals because of the consultation. Members are encouraged to consider the final budget in light of the responses.

Consultation with elected members

- 4.9 Elected members of the policy committees were consulted on service proposals in the relevant committees throughout January and February. The Overview and Scrutiny Committee were consulted on the draft budget in full at its meeting on 17 January 2024.
- 4.10 On 1 February an additional report was tabled concerning the council housing rent increase proposed for 2024/25 following publication of guidance from central government which confirmed the maximum rent increase is 7.7% (not 7.3% as had been the assumption included in the 2024/25 draft budget).
- 4.11 Except for the proposed rent increase for council housing rents, which is now proposed at 7.7% in line with government guidance there are no proposed amendments to the budget proposals arising from committee consideration.

5.0 Local Government Finance Settlement

- 5.1 The settlement is the annual determination of funding to local government. The process commences with the Chancellor of the Exchequer's Autumn Statement, which for this annual cycle was on 22 November 2023. This announcement set out the major fiscal policy for the UK, along with an updated Officer for Budget Responsibility Economic Forecast.
- 5.2 In early December, a Local Government Financial Policy Statement was published, confirming the governments intentions for the forthcoming finance settlement. The provisional local Government Finance Settlement, which confirms individual

allocations, was subsequently published on 18 December and was out to consultation until 15 January 2024.

5.3 On 24 January 2024, Michael Gove, Secretary of State for Levelling up, Housing and Communities announced additional measures for councils worth £600 million. Whilst most of this funding is earmarked for councils with responsibility for adults and children's social care, districts received an increase in grant funding.

5.4 The final Local Government Finance Settlement received on 5 February 2024.

5.5 The key headlines for district councils were:

- No change to Council Tax referendum principles for districts – highest of £5 or 2.99%;
- Revenue Support Grant increase with CPI;
- No changes to NHB, meaning another round of new payments following same calculation;
- Business Rates income retained increased by CPI;
- Minimum Funding Guarantee to maintain Core Spending Power increase at 4% or above. This is the minimum funding increase that all DCN member councils will receive before taking into account council tax increases or any other rise in locally generated income.

5.6 The changes in funding from that assumed as part of the draft budget now confirmed in the settlement are set out in the Table 5 below.

5.7 A number of other key messages were shared as part of the final settlement. Firstly, the Secretary of State outlined the requirement for councils to produce "local productivity plans" will be expected to be published following approval by Council Leaders and Members, by July 2024. The plans are expected to cover four main areas:

- transformation of services to make better use of resources.
- opportunities to take advantage of technological advances and maximising data-informed decision making and service design.
- ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and EDI programmes.
- barriers preventing activity that Government can help to reduce or remove.

5.8 The second key matter arising was the commitment that the Minister for Local Government will begin engaging with the sector over the coming months to consider reforms to local government finance in the next Parliament.

6.0 Council Tax

6.1 The draft budget presented to Committee in November 2023 assumed a maximum increase of 2.99% and £5.22, representing the highest increase available under the referendum limit for district councils of the highest of 2.99% or £5.

- 6.2 As above, the provisional Local Government Finance Settlement consulted on these referendum principles and the final settlement confirmed this position.
- 6.3 The final budget presented as part of this report includes the maximum increase of 2.99% and £5.22. Assuming future years increases of 2.99% (allowing for any further base growth of 2%) the effect of the additional £5.22 increase in 2024/25 into future years is a minimum of an additional £579,000 over the life of the five-year medium-term financial plan.
- 6.4 Since the draft budget was developed, a Council tax base of 38,809 was agreed at Finance & Management Committee on the 11 January. This results in an additional £70,000 in council tax income due to the final council tax base being higher than originally forecast.
- 6.5 The table below shows the impact along with that of other levels of council tax increase for illustrative purposes:

Table 2 – Council Tax Increase Illustrative Options

	2.99%	£5	2.00%	1.00%	£0
2024/25 impact to resident	£5.22	£5	£3.49	£1.75	£0
Per Band D Property	£179.86	£179.64	£178.13	£176.39	£174.64
Council Tax Income	£6,980,187	£6,971,649	£6,913,047	£6,845,520	£6,777,604
2024/25 foregone income	£0	£8,538	£67,140	£134,667	£202,583
Compound impact of foregone income to MTFP (assumed static base for ease of calculation)	£0	£42,690	£335,698	£673,336	£1,012,915

- 6.6 The public budget consultation included a question on the appetite for the increase of Council Tax to 2.99%. Responses to the consultation are detailed in appendix 8.
- 6.7 The Council must confirm its Band D for 2024/25 at Council on 28 February 2024. If necessary, officers will work up any further budgetary implications as part of the final budget to Council as per members' instructions.

7.0 Medium-Term Financial Plan and Strategy Development

- 7.1 The Medium-Term Financial Strategy (MTFS) is in development and is due to be presented for review and recommendation Council, at the next meeting of the Committee on 14 March 2024.
- 7.2 The overarching strategy will consider the future funding expectations and opportunities for increasing the Council's self-sufficiency in the light of diminishing central government grants and an uncertain future funding outlook, whilst ensuring the Council can continue to fund and deliver excellent services.
- 7.3 Key features of the strategy will be:
- 7.3.1 Identifying the range of potential financial outcomes through scenario analysis to enable the Council to plan and prepare for different outcomes;
 - 7.3.2 A Sustainable Finance Plan to set out how the Council will maintain robust finances into the future. This plan will mandate officers to identify, assess and deliver savings in expenditure and improvement in additional and new income to close the budget gap over the medium-term position. The areas in which this plan will deliver savings/additional income will be based on member feedback provided at the MTFS Workshop held in December 2023; and
 - 7.3.3 A Reserves Strategy to guide the effective and optimum management and use of the council's unallocated reserves whilst balancing risk.

8.0 Budget Setting Approach

- 8.1 The following core budget assumptions have been built into forecasts:
- 8.1.1 Pay award – additional 6.5% for 2023/24 (3.5% had been included within the 2023/24 budgets), 3.5% in 2024/25 and 2% thereafter.
 - 8.1.2 Contracts – Contract have been assumed to increase in line with individual agreements, which are typically aligned with CPI or RPI inflation (Consumer or Retail Price Index).
 - 8.1.3 Inflation – After reviewing the current prices and future indications based on the Office for Budget Responsibility forecasts, general inflation has not been applied, unless specifically proposed. Inflationary increases have been assumed however in the following areas:

Table 3 – Inflation assumptions

Area	Increase on 2023/24 budget
Gas	7.85%
Electricity	7.85%
Fuel	4%

- 8.1.4 Fees and charges – proposed levels have been reviewed on an individual basis, with some charges as appropriate proposed to increase in line with inflation or statutory obligations, benchmarking data and the cost of providing the service.
- 8.1.5 One-off expenditure pressures – have been funded via earmarked reserves which serves to not raise the base budget level.
- 8.1.6 Funding – funding is determined in line with the Local Government Finance Settlement for the General Fund, and a social rent increase of the maximum level for council house rents.
- 8.1.7 The Council will continue to receive benefit from the Derbyshire Business Rates Pool for 2024/25.

8.2 Further detail on the assumptions driving forecasts beyond the 2024/25 year are detailed in Appendix 7 which sets out the assumptions to the General Fund Medium-Term Financial Plan.

9.0 General Fund

- 9.1 The final proposed position for the 2024/25 year is estimated to be a deficit of £227,000 as set out in Appendix 1.
- 9.2 This is made up of net revenue expenditure (spend) of £17.472 million and funding of £17.244 million.
- 9.3 This is a decrease on the 2023/24 budgeted position of £2.980 million. The position is also favourable when compared to estimated for the 2024/25 year that are detailed within the former version of the medium-term financial plan, which at June 2023 was estimated at £3.116 million.
- 9.4 The deficit has moved by £442,000, from £670,000, as outlined in the draft budget, to £227,000 as per this final proposed budget.
- 9.5 A number of changes were made to the budget estimates since the draft was presented to Finance & Management Committee in November 2023.
 - 9.5.1 **Depot Back Office additional spend £60,000** – A project identified within Operational Services to adopt a back-office system for Domestic and Trade Waste, Grounds Maintenance and Street Cleansing. The Council has not previously had any software for these purposes. The proposed software has been piloted as part of the D2N2 project will replace the current paper systems in place.
 - 9.5.2 **Data & Security Upgrades additional spend £38,000** - As a result of routine corporate infrastructure and security upgrades at both the Depot and the Corporate Contact Centre, additional maintenance agreements have been

identified. Additional licenses have also been identified as a result of new Microsoft Teams Rooms that have been installed throughout the Authority. Fibre lines have also been installed at Rosliston Forestry Centre which will upgrade the Wifi and WAN access at the Centre.

- 9.5.3 **Communications review additional spend £84,000** - A review of the Communications Service was undertaken, and a new structure is proposed to provide resilience in service delivery and additional resources to enhance the service for the benefits of elected members, residents, partners, and officers. Due to the sensitive contents of the report the detail is reported as a separate item to this Committee in exempt items.
- 9.5.4 **Pay Award variations to draft, reduced pressure -£78,000-** Savings to the proposed values for new posts in the draft budget, have been identified from the conclusion of the pay award relative to 2024/25. This has resulted in a saving compared to the values in the draft report.
- 9.5.5 **Retained Business Rates additional funding -£291,000-** Overall, the revised assumed level of retained business rates is £6.68 million. This has moved favourably by £291,000 since the draft budget as developed.
- 9.5.6 The assumed level of retained Business Rates for 2024/25 budget has been developed using a new strategic finance reporting model that uses a range of forecasting tools and benchmarking analysis. Predictions around further growth have been assessed alongside the annual “NNDR1” process, which effectively sets the business rates base for the district, including allowances for appeals and bad debts. This process has now concluded, and the base budget for retained rates has been determined to be £6.3 million. This figure is aligned to the draft budget position reported in November 2023.
- 9.5.7 In addition, estimates of the financial benefit the Council will receive from being in the Derbyshire Business Rates Pool has also been assessed. Indications from the council’s own rates position are that the pool benefit could be in the region of up to £1 million. However, because the pool benefit relies on the business rates forecasts of the other seven remaining Derbyshire District Councils, Derbyshire County Council and Derbyshire Fire and Rescue, the final position remains to be confirmed. In essence, if the rates forecasts in any of the districts are more or less favourable, changes can impact the pool benefit received by all partners.
- 9.5.8 As such, the S151 Officer has determined that the pool benefit that should form part of the base budget in 2024/25 will be broadly 1/3rd of this initial estimate. This approach builds on the change in approach taken during 2023/24 so far in more accurately forecasting in-year business rates but is being executed on a cautious basis (rather than assuming the potential upper limit pool benefit), in order to protect the Council from any adverse volatility due to the position of other partners in the pool.
- 9.5.9 The pool benefit position will be assessed in the first quarter of 2024/25 and a revised forecast shared once more certainty can be provided. Any upward

favourable movement in the forecast will be earmarked to reduce the budgeted deficit on the General Fund in year.

9.5.10 It is important to note that this funding, along with a significant proportion of retained rates will not continue to be retained once the business rates baseline is reset.

9.5.11 **Council Tax additional funding £70,000** - Council Tax funding for 2024/25 is assumed at the maximum increase of 2.99% which represented £5.22 for a Band D for the 2024/25 year. The additional income as part of the final budget is because the Council tax base of 38,809 was agreed at Finance and Management Committee on the 11 January, which assumes higher growth than the original prediction. The budgeted Collection Fund has been determined by the annual review of the Collection Fund.

9.5.12 **Additional grant funding £108,000** - Services Grant, New Homes Bonus and Revenue Support Grant are all in line with the Local Government Finance Settlement.

9.5.13 The level of assumed Funding Guarantee is in line with the final Local Government Finance Settlement.

9.5.14 A summary of the changes to the draft budget is detailed in table 4 and 5 below. All individual changes compared to the draft budget are set out in Appendix 2 along with proposals already presented.

Table 4 - General Fund Movements

Committee	Draft	Final	Movement	Detail
Environmental & Development	8,315,456	8,089,030	-226,426	Spare parts reduction (-£236.8k EMRS), Pay award reductions (-£50.2k), HRA recharge reductions (-1.7k), Interdepartmental Recharges (-£6.3k), Depot back-office system (£60k), Apprenticeship Levy Charge (£4.5k), Fleet Management (£4k)
Housing & Communities	2,910,597	3,078,595	167,998	Pay award reductions (-£21.2k), Interdepartmental Recharges (-15.2k), Leisure Management Fee (£201.3k - EMRS), Enhanced Pension (£1.6k), Apprenticeship Levy (£1.5k)
Finance & Management	6,918,946	7,049,288	130,342	Pay award reductions (-£15.7k), Communications Review (£83.4k), Data and Security Updates (£38.4k) Interdepartmental Recharges (£21.5k), Enhanced Pension (£3k)
Contingent Sums	160,962	40,000	-120,962	Reduction to MPR due to change in MRP policy from 4% reducing balance to 4.50% annuity
Funding	-16,815,495	-17,244,283	-428,788	Details outlines in General Fund Funding (Table 5)

Contribution from Reserves	-820,443	-784,892	35,551	Reduction to one off budget relating to spare parts £236,850 and inclusion to increase in Leisure Contract management fee £201,299
Budget Deficit	670,023	227,738	-442,285	

*EMR = Earmarked Reserves

Table 5 – General Fund Funding

Funding	2023/24 Budget	2023/24 Forecast Outturn	2024/25 Draft Budget	2024/25 Final Budget
Business Rates	£4,000,000	£5,200,000	£6,377,129	£6,668,000
Council Tax	£6,577,466	£6,577,466	£6,910,114	£6,980,186
Services Grant	£100,000	£100,000	£102,000	£16,061
Funding Guarantee	£1,800,000	£1,800,000	£1,746,000	£1,978,784
New Homes Bonus	£1,500,000	£1,500,000	£1,480,000	£1,441,000
Collection Fund	£55,000	£55,000	£55,000	£55,000
Revenue Support Grant	Nil	Nil	£105,252	£105,252
Total	£14,032,466	£15,232,466	£16,775,495	£17,244,283

Movement on the Medium-Term Financial Plan

- 9.6 Due to the movements in spend and funding outlines above, there has been some movement on the medium-term financial plan into future years.
- 9.7 The version of the plan presented to committee on 23 November set out predicted deficits totalling £18.3 million over the period.
- 9.8 The revised plan estimates that these deficits will now be £14.3 million over the same period.
- 9.9 The favourable movements are attributable to the ongoing impact of changes to the budget for 2024/25 since the draft was produced as set out above.
- 9.10 In addition, the forecast for pay awards for 2025/26 has been amended from 3.5% to 2% in line with the Officer for Budget Responsibility November 2023 Economic Forecasts which predicts inflation to return to 2% by April 2025. This has had the effect of reducing the deficit by £3.1 million over the period.

Table 6 – Medium-Term Financial Plan Gaps

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Approved MTFP, revised for Q2 outturn 2023/24 (presented to FMC 23/11/2023)	£1,344,672	£3,344,408	£3,677,932	£3,812,929	£4,355,119		£16,535,060
MTFP Draft Budget 20204/25 (presented to FMC 23/11/2023)		£670,022	£1,867,509	£3,830,974	£5,226,542	£6,751,621	£18,346,668
Predicted Budget Gap revised MTFP February 2024	n/a	£227,737	£1,549,207	£2,799,395	£4,297,825	£5,674,352	£14,320,779

9.11 It is important to note that the predicted budget gaps arising from 2026/27 are significant higher due to the assumed reform of local government funding, including the withdrawal of new homes bonus, the resetting of the business rates baseline and introduction of fair funding.

9.12 The assumptions around future funding are based on the advice from our external funding advisors, Pixel Financial Management Ltd, who develop a range of assumptions based on the status of the government reviews and the potential direction that local government finance policy may take.

9.13 All councils will be making such assumptions around their future funding in the respective medium-term financial plans, and so South Derbyshire’s forecast deficits will be replicated in others’ plans, depending on their own set of unique funding characteristics and the extent to which the assumed changes will impact them.

9.14 It must be noted that the assumptions around reduced funding included in the mtfp are net of a further assumption that the government will compensate us for any reduction in our “core spending power” that is greater than 5% - therefore, some “transitional” funding is assumed to dampen the effect of some of these changes.

9.15 However, another nuance of the local government finance system is that some of our funding in our budget associated with business rates gains and the benefit from participating in the Derbyshire business rates pool is excluded from core spending power. This is best demonstrated by comparison our core spending power (confirmed in the final Local Government Funding Settlement) of £13.8 million against funding assumed in our budget of £17.2 million. with difference being the additional business rates retained. This difference (of £.4 million) can be attributed to business rates and the current working assumption around the future of local government funding reform is that this would be excluded from any transitional funding protection (i.e. excluded from the compensation for any reduction in “core spending power” that is greater than 5%).

9.16 The Medium-Term Financial Plan is set out in Appendix 1. Appendix 7 Sets out the assumptions driving the plan going forward.

Impact on Reserves

9.17 The below shows the impact of the proposed draft budget on the level of General Fund unallocated reserves. The position forecast at March 2024 is based in the current reserves.

Table 7 – Reserves Forecast

Type of Reserve	Opening Balance - April 2023	Estimated use of Reserves 2023/24	Estimated Balance March 2024	Estimated Use of Reserves 2024/25	Estimated balances March 2025
General Fund Unallocated Reserves	£15,222,148	£3,220,257	£12,001,891	£227,737	£11,774,154
Earmarked Reserves	£12,504,150	£241,741	£12,262,409	£3,245,651	£9,016,758
Total Useable Revenue Reserves	£27,726,298	£3,461,998	£24,264,300	£3,473,388	£20,790,912
Capital Reserves	£2,281,797	£1,244,362	£1,037,435	£274,928	£762,507
Capital Grants unapplied	£1,449,529	£381,012	£1,068,517	£458,606	£609,911
Total Useable Capital Reserves	£3,731,326	£1,625,374	£2,105,952	£733,534	£1,372,418
Total General Fund Reserves	£31,457,624	£5,087,372	£26,370,252	£4,206,922	£22,163,330

Minimum Level of Reserves and Reserves Risk Assessment

9.18 It is important that the Council has sufficient reserves and balances to enable it not only to maintain its financial standing but also to ensure that the Council can realise its service provision expectations.

9.19 The Council's unallocated general reserves is estimated to be £11.8 million by March 2025, which represents 67% of its net expenditure for the 2024/25 year.

9.20 In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of Council's net spending as a prudent level for risk-based reserves. For 2024/25, 5% represents circa £0.9 million for the General Fund.

9.21 In 2023, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a bulletin that provides guidance to local authority chief finance officers on the establishment and maintenance of local authority reserves and balances. In accordance with the CIPFA guidance, the relevancy and adequacy of the levels of reserves for the Council should be reviewed on an annual basis. The financial risk assessment below considers the outcomes of a financial risk assessment, to ensure that as a minimum there are sufficient balances to support the budget requirements and adequately mitigate the risk of significant financial loss in the medium term.

9.22 The risk assessment indicates that in the worst case the Council could require £1.35 million of its net revenue budget requirement to fall back on, should all the potential risks happen concurrently and at their most extreme in a given year.

9.23 Ideally the General Fund Reserve balance should be somewhere between the range identified in the table (£1,150,000 - £1,350,000).

9.24 Therefore, in reviewing this figure based on current net budget requirement, the Section 151 Officer considers the level of general fund unallocated reserves as adequate.

9.25 However, it is important to note that the predicted level of reserves is insufficient to cover the total predicted level of budgetary shortfall outlined in the MTFP to 2028/29.

Table 8 Reserves Risk Assessment 2024/25

Risk	Likelihood	2024/25 Value <i>(based on in-year impact only)</i>
<p>Natural disasters and national emergencies</p> <p>The Bellwin Scheme provides financial assistance to local authorities in the event of a national emergency or disaster, subject to an authority contributing to the total costs by an amount equivalent of 0.2% of its approved budget. For this Authority this would require approximately £50k.</p>	Low	£50,000
<p>Business Continuity - It is difficult to anticipate the cost of such an event that would affect the Authority's business continuity, although it is likely to be substantial. The Council's response to the pandemic has enabled the organisation to be fully agile and more able to respond to emergencies whilst maintaining service delivery. However, for illustrative purposes, £100k is assumed.</p>	Medium	£100,000
<p>National Economic Issues</p> <p>As was evident through the COVID-19 pandemic and cost-of-living crises, Councils have been relied on to deliver financial assistance to businesses and residents. The New Burdens funding doctrine covers additional costs that the Council bears in delivering central government burdens.</p> <p>The Office for Budget Responsibility's forecast for inflation suggest that inflation will return to 2% by April 2025. However, in the meantime, additional pressures in relation to service demands are expected to continue to emerge.</p> <p>The Council has assessed potential impacts in this area around utilities, insurance impacts arising from property revaluations or price volatility and excess pay award above budgetary assumptions.</p> <p>In total, the Council could expect in the region of £300,000 - £500,000 of additional pressures in year.</p>	High	£300,000 - £500,000

<p>Grant Funding</p> <p>The Council sometimes seeks external funding/grants for one-off projects. In the event that the expected projected outturns are not achieved, repayment of funding or grant may be required.</p>	<p>Low</p>	<p>£100,000</p>
<p>Property Assets</p> <p>The identification of unplanned major works to the Council's property portfolio could give rise to a budget pressure. As a responsible owner and with a duty to care, the Council could be expected to fund major works at short notice. Although the initial response would be to look to re-phase the capital programme, this may not be feasible, and additional revenue funding may be required, or prudential borrowing.</p>	<p>Medium</p>	<p>£100,000</p>
<p>Legal Issues</p> <p>It would be prudent for the Authority to make provision for an unfavourable outcome of any legal action taken against it, which could be made on a range of different grounds, including compensation payments, equal pay, discrimination and corporate manslaughter.</p> <p>Where the Council provides a paid service to a third party that does not directly relate to any statutory duty, the Council may require Professional Indemnity Insurance. This insurance cover is not automatically arranged and in the event that it isn't, and a claim arises the Council could be deemed liable for resulting costs.</p>	<p>Medium</p>	<p>£500,000</p>
<p>Total Financial Risk Exposure</p>		<p>£1,150,000 - £1,350,000</p>

10.0 Housing Revenue Account

10.1 The final budgeted position for the 2024/25 year is anticipated to be a deficit position of £1.158 million as set out in Appendix 3.

10.2 This is made up of net revenue expenditure (spend) of £15.022 million and rental income of £14.317 million.

10.3 This is a decrease on the 2023/24 budgeted position of £971,000. The position is favourable when compared to estimated for the 2024/25 year that are detailed within the former version of the medium-term financial plan, which at June 2023 was estimated at £2.130 million deficit.

10.4 The deficit has moved by £78,000, from £1.236 million, as outlined in the draft budget, to £1.158 million as per this final proposed budget.

10.5 A number of changes were made to the budget estimates since the draft was presented to Finance & Management Committee in November 2023:

10.5.1 **Rental Income -£52,000** – The rental income has increased from the draft budget following the announcement from The Regulator of Social Housing capping the rent increase at 7.7%. The recalculation of rental income yields an additional £52,000.

10.5.2 **Pay Award variations to Draft -£20,000** – Following the conclusion of the agreed pay ward for 2023/24 the additional budget required to align 2024/25 budget is £20,000.

10.5.3 **Depreciation £348,000** – The additional charge of depreciation for the housing stock is £348,000. Depreciation is part of an accounting adjustment set out in statute that permits depreciation to be reversed out into the Major Repairs Reserve for investment in housing stock and towards repayment of self-financing loan debt. The movement in reserves has accounted for the movements in contingent sums detailed below and in Appendix 3.

10.6 A summary of the changes to the draft budget is detailed in table 9. All individual changes compared to the draft budget are set out in Appendix 3 along with proposals already presented.

Table 9 - Housing Revenue Account Movements

Housing Revenue Account	Draft	Final	Movement	Detail
Rental Income	-14,063,969	-14,115,890	-51,921	Updated to 7.7%
Depreciation	4,807,023	5,155,967	348,944	Updated to actual calculation of depreciation
Contingent Sums	849,977	455,242	-394,735	Reversal of actual depreciation charge and alignment to major repairs and debt repayment reserve
Pay award	96,334	116,510	20,176	Amendment to the actual pay award agreed 2023/24
Total	-8,310,635	-8,388,171	-77,536	

Impact on Reserves

10.7 The below shows the impact of the proposed draft budget on the level of Housing Revenue Account unallocated reserves. The position forecast at March 2024 is based in the current reserves.

Table 10 – HRA Reserves

Type of Reserve	Opening Balance - April 2023	Estimated use of Reserves 2023/24	Estimated Balance March 2024	Estimated Use of Reserves 2024/25	Estimated balances March 2025
HRA General Reserves	£4,609,000	£2,234,000	£2,375,000	£1,158,523	£1,216,477
Earmarked Reserves	£556,663	£356,663	£200,000	£0	£200,000
Total Useable Revenue Reserves	£5,165,663	£2,590,663	£2,575,000	£1,158,523	£1,416,477
Capital Reserves	£3,534,460	£650,000	£2,884,460	£127,000	£2,757,460
Debt Repayment Reserves	£5,693,000	£5,339,000	£354,000	£1,891,000	£2,245,000
Major Repairs Reserve (Ring Fenced)	£4,986,832	£0	£4,986,832	£500,000	£5,486,832
Total Useable Capital Reserves	£14,214,292	£5,989,000	£8,225,292	£2,518,000	£10,489,292
Total HRA Reserves	£19,379,955	£8,579,663	£10,800,292	£3,676,523	£11,905,769

10.8 The HRA General reserves remain above the Council’s minimum reserve balance of £1 million this is due to the reprofiling options around debt reprofiling, capital investment and major repairs reserves.

11.0 Fees and Charges

11.1 The Council charges for a number of its services that are provided to the public. All fees and charges are reviewed on an annual basis as part of the budget process. Charges set by the Council are increased in line with inflation or other factors taken in to consideration, in line with the Corporate Charging Policy:

- Statutory obligations
- Policies objectives of the Council;
- Local market research and competition (where relevant);
- The impact of price changes on activity level of demand;
- Changes in taxation;
- Budget position and any associated gap;
- The cost of providing the service.

11.2 Included at Appendix 5 is the proposed charge position, together with of explanation of changes to individual charges.

11.3 There has been an amendment to the fees for Land Charges, the charges have increased following a notification that Derbyshire County Council were increasing their search fees. The fees have been uplifted to reflect the additional costs to the Council.

12.0 Capital Programmes

12.1 The proposed draft Capital Programme for 2024/25 – 2028/29 is set out in Appendix 6.

General Fund

12.2 Proposals funded through ‘unsupported borrowing’ on the General Fund impact the ‘Minimum Revenue Provision’ (MRP) estimate for future years, which effectively is a method of calculating the estimated repayment of that internal borrowing. MRP is funded through revenue, and so an increase in capital expenditure plans funded through unsupported borrowing, increases expenditure on the General Fund in respect of MRP.

12.3 The total General Fund programme for 2024/25 is presented in the draft budget was £7,532,201, consisting of currently budgeted and new schemes.

12.4 The changes from the draft budget are detailed below, the programme at Appendix 6 includes changes to the draft capital programme of £2,272,862 to total a proposed final capital budget of £9,805,063.

12.5 Changes since the draft budget are as follows:

12.5.1 Swadlincote Events Space and Levelling up bid – This project was previously considered by Finance and Management Committee in March 2022 as part of the unsuccessful Levelling Up Round 2 submission, and includes the consideration of the original proposals to complete works to the Indoor Market to create a multi-purpose events space in the town centre. Since the draft budget was developed and consulted upon, the Council has been notified of it’s successful allocation of £1.1 million government levelling up funding. As such, the council is reducing its level of contribution to the project which will be funded by internal borrowing to £0.6 million and the broadened scheme will capture other. A further report on scheme proposals will be timetabled to be presented at Finance and Management Committee.

12.5.2 Fleet Replacement Programme – It has been identified that a potential £7.3 million fleet replacement programme is required over the 5 year capital programme. The investment in 2024/25 is £2.3 million and £2.3 million in 2025/26 with the remaining £2.7m subject to future review and refinement. The draft budget in November 2023 did not outline an amount for the fleet replacement strategy. Since then a vehicle replacement programme was presented at the Environmental and Development Service Committee for approval in January 24. The Council is committed to reducing its carbon emissions and will be setting an ambitious target of zero carbon emissions to its

fleet by 2030. The Strategy considered the development and opportunities in alternative vehicle technologies including fuel types and provided estimated costs for inclusion. This will help minimise the Council's impact on the environment and enable it to take a proactive role in assisting the Council to maintain its ISO140001 accreditation. It is envisaged that this programme will be funded in part by earmarked reserves and unsupported borrowing. The decision is sought as part of this capital programme budget decision to agree funding for 2024/25 and 2025/26.

HRA

12.6 The Capital programme for the HRA has been amended from the draft budget which accounted for no adjustments to the rolling 5 year programme that was in place. Subsequently a proposal was submitted planning out additional capital work £4.13 million which is set out in Appendix 6.

13.0 Risk Assessment

13.1 The following table provides an assessment of the key risk areas of the budget and forms the basis of the Section 151 Officer's determination of robustness of estimates and adequacy of reserves.

Table 11 – Risk Assessment

Question	Response
Is performance against the current years budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the proposed 2024/25 budget?	<p>There are movements on both the General Fund and HRA revenue budgets for 2023/24.</p> <p>The projected financial outturn position at Quarter 2 for 2023/24 is that the General Fund will deliver a significantly reduced deficit position largely due to favourable revised forecasts on retained business rates and investment income. Other areas include adverse forecasts on spare parts to maintain the current fleet.</p> <p>In all these areas the budget has been updated to reflect accurate forecasts going forward, using best information available.</p> <p>The 2024/25 budget setting approach has represented a step-change in developing budgets with more emphasis placed on engagement with services and ensuring services are fully funded and budgetary plans realistic, including the forecasting of complex and technical areas of local government funding.</p>
Are arrangements for monitoring and reporting performance against the plans robust?	<p>Yes.</p> <p>The council has an established and robust monitoring approach.</p>
On what basis are the underlying budget	<p>All budget proposals have been justified by Heads of Service, reviewed by finance and subject to budget</p>

<p>assumptions considered reasonable?</p>	<p>challenge with the Leadership Team and Leading Members.</p> <p>Growth forecasts for council tax and business rates have been developed through close engagement with the planning, revenue and finance teams.</p> <p>External input has been sought appropriately, for example, our treasury advisers Arlingclose supported the fleet replacement programme financing exercise, funding assumptions have been tested with the council's funding advisors Pixel Financial Management Ltd and advice sought on the pay award for 2024/25 from East Midlands Councils.</p>
<p>What is the availability of un-earmarked reserves to meet unforeseen cost pressures?</p>	<p>The council currently has £15 million in general unallocated reserves.</p> <p>It has previously cited its minimum agreed level of unallocated reserves as £1.5 million on the General Fund and £1 million on the HRA.</p> <p>Currently, both reserves are in excess of these minimum levels, with the General Fund unallocated reserves being particularly higher.</p> <p>In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of Council's net spending as a prudent level for risk-based reserves. For 2024/25, 5% represents circa £0.9m for the General Fund.</p> <p>In 2023, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a bulletin that provides guidance to local authority chief finance officers on the establishment and maintenance of local authority reserves and balances. In accordance with the CIPFA guidance, the relevancy and adequacy of the levels of reserves for the Council should be reviewed on an annual basis. The S151 Officer has followed this guidance in undertaking a reserves risk assessment outline in this report.</p> <p>As part of the forthcoming Medium Term, Financial Strategy, the Section 151 Officer will present a detailed reserves risk assessment which look to determine a new minimum operating level of reserves going forward for SDDC. A further strategy for the maintenance and management of reserves will also be set out.</p>
<p>Have realistic income budgets been set?</p>	<p>Yes.</p> <p>Local income budgets were assessed in relation to the proposed fee and charge level and anticipated demand as part of the development of the draft budget.</p> <p>As above, the budget process has undergone a step-change in with more emphasis placed on engagement with</p>

	<p>services and ensuring services are fully funded and budgetary plans realistic.</p> <p>The budget proposals presented by services were reviewed through a series of challenge / “Star Chamber” sessions, including review finance, review by the Section 151 Officer, star chamber with Leadership Team and Star Chamber with Leading Members.</p>
Has “at risk” external funding and income been identified	<p>The areas of funding that are at greatest risk of volatility because of inaccurate forecasting include business rates and council tax/collection fund – both of which have undergone significant scrutiny by the Section 151 Officer and external testing utilising the council’s funding advisors Pixel Financial Ltd strategic finance model and external scrutiny with collection fund accounting subscription service.</p> <p>The volatility that can be experienced on retained business rates has been identified, including the impact of the rates position of other Derbyshire pool members which can impact the level of benefit SDDC receive from the pool.</p> <p>Testing of robustness of estimates over the medium-term financial plan period, where major reform of local government funding is assumed (which result in significant budgetary gaps), has also been undertaken.</p> <p>Planning income can be volatile as it is susceptible to variation in the number of planning applications coming forward. The level of assumed planning income is based on the assessment of historic applications and known pipeline demand.</p> <p>The major area of at-risk income for the HRA concerning the contributions from Derbyshire County Council has been confirmed within the 2024/25 budget, with the HRA plugging this gap.</p>
Has a reasonable estimate of demand cost pressures been made?	<p>The budget process to develop the draft budget has improved the reasonableness of estimates.</p> <p>As above, the budget process has undergone a step-change in with more emphasis placed on engagement with services and ensuring services are fully funded and budgetary plans realistic. This has extended to ensuring services are costed to meet demand.</p> <p>The budget proposals presented by services were reviewed through a series of challenge / “Star Chamber” sessions, including review finance, review by the Section 151 Officer, star chamber with Leadership Team and Star Chamber with Leading Members.</p>
Have one-off cost pressures been identified?	<p>Yes.</p> <p>These have been funded via the reallocation of redundant earmarked reserves where this has been possible, to relieve pressure in the base budget.</p>
Is there a reasonable contingency available to	<p>The Council has incorporated estimates for pay award, inflation and demand pressures into its budget. It has</p>

cover the financial risks faced by the Council?	sufficient reserves available to cover any unexpected fluctuations.
Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?	The Council has a range of earmarked, unallocated and minimum levels of reserves to ensure its financial stability.
Have the previous years Accounts been signed off by external audit to verify balances?	<p>The Council's Draft Statement of Accounts for 2021/22 and 2022/23 were published on time and are available on the Council's website. At the time of writing this report, the Value for Money opinion for both years is due to be presented by the External Auditor, Ernst and Young (EY) LLP, at the March meeting of the Audit Sub-Committee. Confirmation of the timetable for completing the full audit of the accounts for both these years remains unconfirmed by EY LLP.</p> <p>A consultation is expected to be published by DLUHC setting out the intentions to clear outstanding and delayed audits in the local government sector and this is expected to outline plans for the backlog to be clear by the end of September 2024.</p> <p>Discussions are ongoing between the S151 Officer and the Audit Partner for EY LLP around the capacity of the External Auditor to complete the audits for which they are contracted to deliver and for which the Council is due to pay.</p>
Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget	<p>Yes.</p> <p>As above, the budget process has undergone a step-change in with more emphasis placed on engagement with services and ensuring services are fully funded and budgetary plans realistic. The budget setting approach commenced internally with officers in September 2023. Simultaneously, engagement commences with members around the same time, and this included the development of the principles to setting the 2024/25 budget.</p> <p>The budget proposals presented by services were reviewed through a series of challenge / "Star Chamber" sessions, including review finance, review by the Section 151 Officer, star chamber with Leadership Team and Star Chamber with Leading Members.</p> <p>The draft budget was presented to members in November 2023 and policy committees reviewed service budgets as part of this, making individual decisions to add proposals into the final budget presented as part of this report.</p>

14.0 Robustness of Estimates and Adequacy of Reserves

- 14.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves – otherwise known as the "Section 25 Statement". Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 14.2 This report will be presented at Council in a separate report by the Section 151 Officer on the same agenda as the final budget in February 2024. The information below is intended to enable Members to consider proposals against an the Section 151's assessment of the robustness of estimates and the adequacy of reserves.
- 14.3 The Section 151 Officer considers that the estimates which form the General Fund and Housing Revenue Account to be robust and prudent, and the proposals are deliverable for 2024/25.
- 14.4 As set out in the risk assessment at section 13 of this report, spend assumptions have been developed by service areas and robustly tested by finance, the Section 151 Officer, the Leadership Team and Leading Members.
- 14.5 Assumptions included in this budget around funding for 2024/25 and beyond have been developed and approved by the Section 151 Officer using several sources of independent and external advice. These include forecasts derived from funding models used by the finance team from the Council's funding advisor Pixel Financial Management, the Institute of Fiscal Studies local government finance model, the 2024/25 Local Government Finance Settlement and sector intelligence shared by the LGA and the DCN. However, it remains that there is a risk that assumed funding beyond 2024/25, from 2025/26 onwards, is out of line with government intentions around the reform of the local government funding system – a commitment to which it has said will be a matter for the next parliament.
- 14.6 Based on current estimates for 2023/24 outturn, the proposed budget for 2024/25 Council has an adequate level of reserves to balance the budget on its General Fund. However, assumptions for 2025/26 – 2028/29 demonstrate that the level of unallocated general reserves will not stretch to cover the total budget gaps arising over this period.
- 14.7 The Council is susceptible to volatility in budgetary estimates. A relatively small change in the underlying assumptions can produce significant changes.
- 14.8 If forecasts for the current or 2024/25 year are less favourable than projected, the Council could see its reserves utilised at a greater rate than currently forecast.
- 14.9 Overall, the draft General Fund retains a budget gap. This is an improvement from it compared to its forecast position for the draft 2024/25 budget and budgeted position for 2023/24. However, the Council must now consider how it will close its ongoing budget gap.
- 14.10 Looking further ahead, all local authorities will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates) are introduced. These changes in grant funding are

included in the assumptions in this report and MTFP, alongside with an assumption that the government will compensate the Council for any reduction in its core spending power that is more than 5% (“transitional funding”). These funding reforms therefore present a significant risk to the Councils ongoing financial sustainability, as is the case for all councils who benefit from new homes bonus and retained business rates.

- 14.11 As detailed within this report, the Council is currently developing its Medium-Term Financial Strategy which will set out how it intends to ensure that its future budget gaps are reduced, and the Council manages its spending within its funding means. This strategy is due to be presented to this Committee and Council in March and April 2024.
- 14.12 The strategy will set out a scenario analysis to enable the Council to plan and prepare for different outcomes; a Sustainable Finance Plan which will identify savings in expenditure and improvement in additional and new income to close the budget gap over the medium-term position and a Reserves Strategy to guide the effective and optimum management and use of the council’s unallocated reserves whilst balancing risk.
- 14.13 Of specific mention is the matter of Concurrent Expenses, which was identified by the Section 151 Officer as an area that the Council should review given its identified budget gaps over the medium term. Parish Councils fed back clearly through the budget consultation several concerns around the potential withdrawal of Concurrent Expenses grant funding. These concerns are acknowledged and the position within this budget and the current medium term financial plan remains that Concurrent Expense grants are maintained at the current 2023/24 level. Future review will now be a matter for the Sustainable Finance Plan arising from Medium Term Financial Strategy. The Section 151 Officer would like to make clear however, that should the Council pursue a future review, this will be based on extensive engagement with Parish Councils and would be focussed on the position of the current scheme, the different models that can be employed to address double taxation, the optimal solution, and the most stable way of introducing any changes. At the time of writing this report, the Section 151 Officer is in the process of writing to Parish Councils to respond to their concerns and provide these assurances.
- 14.14 Turning to the Housing Revenue Account, the position currently forecasts a budget gap for 2024/25 and this is also projected on an ongoing basis into future years. During the 2023/24-year, additional budgetary pressures have been absorbed for the service to comply to its regulatory requirements.
- 14.15 To ensure the HRA can deliver a balanced budget for the foreseeable future and maintain its reserves at a suitable level, the Council must not continue to set aside the £750,000 additional debt repayment amounts for redemption of the £10 million self-financing loan in 2027 is proposed. This will have implications for the ability of the Council to repay this loan when it falls due, however the Council is able to refinance this, recognising that there is no limit on the amount a HRA can borrow.
- 14.16 Since undertaking the self-financing loans in 2012, the Council has significantly less in projected rental income to fund its Housing service, having implemented 4 years of 1% rent reductions between 2016 and 2020 as per central government policy. A below inflation rent cap was also implemented by central government for the rent increase for 2023/24, and South Derbyshire increased its rents below this level. Although subject to

Council approval as part of the revised Treasury Management Strategy for 2024/25, this revised strategy will therefore better align with the HRA's financial health and minimise the revenue charges of debt on the HRA. It is proposed a wider review of the HRA debt position is undertaken to support this.

15.0 Corporate Implications

Employment Implications

15.1 There are no direct employment implications arising from this report. However, a number of proposals have employment implications through the creation of new posts to be added to the council's staffing establishment. These requests have been considered by the relevant committees in January/February 2024 and associated employment implications clearly set out. Engagement with employees and Trade Unions is underway as necessary and appropriate.

Legal Implications

15.2 There are no direct legal implications arising from this report. The final budget has been developed on a series of requirements of the Council in line with legal and regulatory requirements around service provision. Specific legal implications of proposals have been considered by the relevant committees in January/February 2024.

Corporate Plan Implications

15.3 This draft budget has been prepared to support the delivery of the Council's new Council Plan.

Risk Impact

15.4 The draft budget has been prepared to support the effective management of service risk. The council's risk register will be updated accordingly and presented to the relevant committees as part of the council's established performance monitoring approach.

15.5 A risk assessment of the adequacy of the council's reserves is set out in the report. A separate risk assessment on the budget has been undertaken at section 13.

15.6 The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered. Key risks to the budget are discussed in further detail in section 5 of the report.

16.0 Community Impact

Consultation

16.1 As detailed in the report, relevant stakeholders in the business community were directly consulted on the budget proposals, in line with the council's statutory duty to consult ratepayers.

16.2 In addition, between 15 December 2023 and 26 January 2024 wider public consultation was undertaken via the Council's website and at Area Forums.

16.3 All consultation feedback received will be collated and reported as part of the final budget report in February 2024.

Equality and Diversity Impact

16.4 A preliminary Equalities Impact Assessment (EIA) has been undertaken on the budget.

16.5 This has identified that the budget could have significant positive impacts, particularly where it focuses on expansion of some services or investment in assets. The extent to which residents will benefit is dependent on individual circumstances and the consumption of services.

16.6 Increasing the district council's Band D by the maximum referendum limit of 2.99% (£5.22) has been assessed to have a neutral effect on protected groups. Residents on low income will have their council tax met by the Local Council Tax Reduction Scheme that is designed and administered by South Derbyshire District Council. Officers will continue to work to assist households in financial difficulty where possible, including the administering of Government funds to support those households in need.

16.7 Increasing rent by the social rent policy formula has also been assessed to have a neutral effect on protected groups. Tenants on low income will have their rents met by Housing Benefit (HB full or partial) or Universal Credit (UC), so it will impact the Government as opposed to the tenant. Officers continue to work to assist households in financial difficulty where possible, including the administering of Government funds to support those households in need.

16.8 As other proposals are introduced the specific equality impacts will be considered by Heads of Service with their relevant Strategic Director before implementation taken forward.

Social Value Impact

16.9 There are no social value impacts. Individual decision-based impacts on material budgetary proposals have been considered by the relevant committees in January/February 2024.

Environmental Sustainability

16.10 There are no social value impacts. Individual decision-based impacts on material budgetary proposals have been considered by the relevant committees in January/February 2024.

16.11 The budget proposes investment in the replacement of council vehicles and reducing our carbon emissions.

17.0 Background Papers

17.1 Report to Finance and Management Committee, 5 October 2023, "Budget Setting Approach 2024/25".