

MTFP 2024-27

Overview and Scrutiny Committee Revenue and Capital Budget

22 January 2024

Agenda

- Strategic Considerations
- Local Government Finance Settlement 2024/25
- Capital Budget Update
- Revenue Budget Update
- Special Items
- Inflation
- Staffing
- Conclusion



Strategic Considerations

Strategic Considerations

- Local Government Finance Settlement – 1 Year only
- Fairer Funding Reform 2026/27 at the earliest
- DSG – Statutory Override ends in March 2026
- Household Support Fund – No decision yet
- General Fund Balance £8.2m as at March 2025
- Use of capital flexibilities extended until March 2030
- ⇒ National Living Wage increase having significant impact on Care Provider Market fees
- Gap of £4.7m to be funded from Reserves (£1.5m Collection Fund, £3.2m Fairer Funding Reserve)
- Opening gap for 2025/26 is £8.8m
- Level of Savings 2024/25 is £12.6m, of which £3.5m is staffing
- Capital Gaps Yr 1 – Funded, £8.5m across Yrs 2/3



Local Government Finance Settlement 2024/25

Local Government Finance Settlement

Headlines

Sixth one-year settlement in a row, 2025/26 onwards unknown. Fairer funding review still expected but date unclear.

Core Spending Power increase

- £11.4m (£161.8m 2023/24 to £173.2m 2024/25) – 7.0% increase
 - of which £10.7m related Council Tax and Retained Business Rates
(note - government assuming 4.99% council tax increase)
 - £0.7m increase in grant funding

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New Homes Bonus extended for 1 year only

Flexibilities over the use of capital receipts will be extended to March 2030

Statutory override for the Dedicated Schools Grant will continue up to the 31 March 2026.



Capital Update

Capital Summary – Presented to O&S 02/10/2023

	Year 1 - 2024/25			Year 2 - 2025/26			Year 3 - 2026/27			Total Three Years
	Reprofile from 2023/24	MTFP / New Bid	Total	Reprofile from 2023/24	MTFP / New Bid	Total	Reprofile from 2023/24	MTFP / New Bid	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Adult Social Care	12	4	16	0	4	4	0	1	1	21
Children's Services	1	38	39	0	22	22	0	10	10	72
Chief Executive's Office	0	3	3	0	2	2	0	2	2	7
Place and Growth	69	22	91	14	16	30	0	15	15	137
Resources & Assets	145	17	162	13	35	48	0	27	27	237
Total Capital Expenditure	228	84	312	27	80	107	0	55	55	474
Funded by;										
Developer Contributions			(34)			(3)			(0)	(38)
Capital Grants			(53)			(26)			(18)	(96)
Capital Receipts			(17)			(5)			(0)	(22)
Supported Borrowing			(169)			(65)			(30)	(263)
General Fund Borrowing			(16)			(3)			(2)	(21)
SWDR Funding*										
Total Capital Funding			(289)			(102)			(49)	(440)
Funding (Surplus) / Gap			23			5			6	34
<i>Work ongoing to address funding gap, including reducing scheme costs, seeking additional income and reprofiling to later years</i>										

Changes from previous O&S

		2024/25	2025/26	2026/27
		£,000	£,000	£,000
Childrens Services	Care Leaver Supported Accommodation: Seaford Court <i>(Budget realigned between years to better reflect programme)</i>	(1,000)	1,000	0
	Systems Contract (Capita) <i>(Year 1 removed - funding available under special item)</i>	(192)	0	0
	Primary strategy - Spencer's Wood Primary School FFE <i>(Existing MTFP item - missed from last O&S)</i>	0	53	15
	SEND Sufficiency (2 new SEND schools) <i>(Budget revised to match latest estimates - grant funded)</i>	0	300	0
Chief Exec	Community Hubs <i>(Budget reprofiled across years (£500k Yr 4 aswell) - Net £Nil adjustment)</i>	(1,000)	0	500
Place Growth	Electric Vehicle Charge Points <i>(Budget removed, previous assumption of grant funding no longer available. Could be future bids if opportunities for external grant arise)</i>	(1,200)	(1,200)	(1,600)
	Safety / Crash Barriers <i>(£650k Saving (tbc) - used to fund "red" status barrier repairs)</i>	(650)		
	Strategic Road Infrastructure <i>(Budget reviewed alongside £55m carry forward + SWDR spend timing, some spend in year 4)</i>			(3,727)
	Gypsy Lane footbridge <i>(Funded from ringfenced S106, previously in year 4 of MTFP)</i>	280		

Note – in addition to the changes above, other changes were already actioned between the first O&S (2nd Oct) and the individual directorate O&S meetings which presented the latest bids at the time.

Capital Summary – Revised Position

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	Year 1 2024-25 £m	Year 2 2025-26 £m	Year 3 2026-27 £m	Total £m
Adult Social Care & Health	3.8	2.0	1.0	6.8
Children's Services	28.3	26.6	7.7	62.5
Chief Executive's Office	1.6	2.7	2.2	6.4
Place & Growth	15.2	14.6	10.3	40.1
Resources & Assets	14.0	23.6	23.0	60.6
HRA	10.6	20.5	19.0	50.2
Total Capital Expenditure	73.5	89.9	63.2	226.6
Funded by;				
Supported Borrowing	(21.7)	(27.9)	(17.1)	(66.7)
Developer Contributions (S106)	(2.5)	(4.0)	(0.6)	(7.1)
Capital Grants	(29.0)	(29.1)	(15.0)	(73.1)
Other Contributions (Inc. MRR)	(6.1)	(7.6)	(6.0)	(19.7)
Capital Receipts	(6.2)	(11.8)	(18.2)	(36.2)
General Fund Borrowing	(8.0)	(5.2)	(2.1)	(15.4)
Total Capital Funding	(73.5)	(85.7)	(58.9)	(218.1)
Funding Gap	0.0	4.2	4.3	8.5

Note
 MTFP only, excludes carry forwards from 23/24 (still to be finalised). Current year fully funded.
 CIL funding included in supported borrowing figures.

Revenue Update

Summary

Previous MTFP 02/10/23

	Yr 1 - 24/25			Yr 2 - 25/26			Yr 3 - 26/27		
	Growth	Savings	Net	Growth	Savings	Net	Growth	Savings	Net
Adult Social Care	£3,200	(£2,920)	£280	£5,300	(£4,440)	£860	£7,400	(£5,540)	£1,860
Chief Executive	£490	(£448)	£42	£490	(£498)	(£8)	£490	(£498)	(£8)
Children's Services	£3,598	(£1,236)	£2,362	£7,052	(£2,302)	£4,750	£7,925	(£3,108)	£4,817
Place and Growth	£628	(£3,509)	(£2,881)	£1,328	(£3,892)	(£2,564)	£1,318	(£3,942)	(£2,624)
Resources & Assets	£1,492	(£2,489)	(£997)	£1,522	(£2,627)	(£1,105)	£1,522	(£3,007)	(£1,485)
Total	£9,408	(£10,602)	(£1,194)	£15,692	(£13,759)	£1,933	£18,655	(£16,095)	£2,560
Net growth / savings (from above)			(£1,194)			£1,933			£2,560
Inflation (pay award + contractual inflation)			£11,254			£21,200			£29,055
Council Tax - 1.99% Core			(£2,601)			(£5,477)			(£8,466)
Council Tax - 2.00% ASC Precept			(£2,613)			(£5,504)			(£8,508)
Council Tax - 1.00% DSG Deficit Recovery			(£1,306)			(£2,752)			(£4,254)
Contribution to DSG Deficit Recovery			£1,306			£2,752			£4,254
Additional Council Tax Base (1% / 1% / 1%)			(£1,258)			(£2,890)			(£4,466)
Adult Social Care Charging Reform			£0			£3,130			£6,130
Adult Social Care Charging Reform - Income			£0			(£3,130)			(£6,130)
Previous gap funded one off from PFI Reserve			£1,400			£1,400			£1,400
Budget Gap			£4,987			£10,662			£11,575

Service Budget Changes

Changes Summary	2024/2025 Growth £'000	2024/2025 Savings £'000	2024/2025 Net £'000
Adult Social Care	0	0	0
Chief Executive	0	35	35
Children's Services	3,542	(700)	2,842
Place & Growth	(45)	90	45
Resources & Assets	15	(1,400)	(1,385)
Totals	3,512	(1,975)	1,537

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Key Changes in Growth and Savings			2024/2025 £'000
Children's Services			
Changed	Growth	Home to School Transport	2,268
Changed	Growth	Managing and Meeting demand in numbers and complexity	(283)
Changed	Growth	New Models of Support for Children with Disabilities	(443)
	Growth	Removal of target number to reduce growth	2,000
Changed	Savings	Home to School Transport	(500)
Changed	Savings	Placements - Strategy & Sufficiency	(200)
Total			2,842

Resources and Assets			
New bid	Growth	Increased demand/support through Council Tax Relief Scheme	100
New bid	Savings	Council wide vacancy factor increase	(1,400)
Total			(1,300)

Other Changes including LGFS

- ASC Inflation increased by £0.4m
- Retained Business Rates income benefit (£1.53m)
- Local Government Finance Settlement Benefit (£0.67m)
- Use of Reserves to fund budget gap (£4.7m)

Revised MTFP (Inc service changes and LGFS)

	Yr 1 - 24/25			Yr 2 - 25/26			Yr 3 - 26/27		
	Growth	Savings	net	Growth	Savings	Net	Growth	Savings	Net
Adult Social Care	£3,200	(£2,920)	£280	£5,300	(£4,440)	£860	£7,400	(£5,540)	£1,860
Chief Executive	£490	(£413)	£77	£490	(£463)	£27	£490	(£463)	£27
Children's Services	£7,140	(£1,936)	£5,204	£9,407	(£3,102)	£6,305	£11,824	(£3,908)	£7,916
Place and Growth	£583	(£3,419)	(£2,836)	£1,283	(£3,787)	(£2,504)	£1,273	(£3,837)	(£2,564)
Resources & Assets	£1,507	(£3,889)	(£2,382)	£1,537	(£4,027)	(£2,490)	£1,537	(£4,407)	(£2,870)
Total	£12,920	(£12,577)	£343	£18,017	(£15,819)	£2,198	£22,524	(£18,155)	£4,369
2023/24 MTFP Budget Gap			£1,400			£1,400			£1,400
Net growth / savings (from above)			£343			£2,198			£4,369
Inflation (pay award + contractual inflation)			£11,654			£21,200			£29,055
Retained Business Rates			(£1,530)			(£1,530)			(£1,530)
Local Government Finance Settlement Benefit			(£670)			(£670)			(£670)
Council Tax - 1.99% Core			(£2,601)			(£5,477)			(£8,466)
Council Tax - 2.00% ASC Precept			(£2,613)			(£5,504)			(£8,508)
Council Tax - 1.00% DSG Deficit Recovery			(£1,306)			(£2,752)			(£4,254)
Contribution to DSG Deficit Recovery			£1,306			£2,752			£4,254
Additional Council Tax Base (1% / 1% / 1%)			(£1,258)			(£2,790)			(£4,367)
Adult Social Care Charging Reform			£0			£3,130			£6,130
Adult Social Care Charging Reform - Income			£0			(£3,130)			(£6,130)
On-going Budget Gap			£4,724			£8,826			£11,282
MTFP Gap Funded from Reserves			(£4,724)			£0			£0
Total			£0			£8,826			£11,282

Special Items

Special Items – Changes since Summary O&S 02/10/2023

Changes in Special items		2024/2025	2025/2026	2026/2027
		£'000	£'000	£'000
Adult Social Care				
New bid	Minimum Income Guarantee - Changes to charging	150	0	0
Children's Services				
Changed	Meeting and managing demand - right help, right place, right time	0	200	0
Changed	Transformation Programme	600	105	(50)
Total Changes		750	305	(50)

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Revised Special Items

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Special Items	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Adult Social Care	850	500	500
Chief Executive	254	52	0
Children's Services	2,225	1,305	800
Place and Growth	1,465	269	0
Resources and Assets	280	0	0
Total	5,074	2,126	1,300

Inflation

Inflation

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Inflation	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Contracts	3,300	2,900	2,600
Adult Social Care	4,126	3,063	3,000
Pay and Pension (4% / 4% / 3% / 2%)	4,228	3,583	2,255
Total (Non cumulative)	11,654	9,546	7,855
Cumulative	11,654	21,200	29,055

Staffing

Workforce Savings 23/24

To ensure there was a safe budget position for 23/24, the Council and the Executive needed to make difficult decisions which impacted services and residents. In addition, Directors have implemented internal changes to reduce workforce costs during this financial year.

Managed Vacancy Factor

Every budget manager across the organisation had a c2% reduction of funding applied at the start of the financial year.

**This saved the organisation:
£1.3m**

This required teams to hold vacant posts for longer or not recruit into positions at all to ensure that c2% budget reduction was achieved

Corporate Savings Target

Each Director was required to contribute towards a corporate workforce saving in addition to their MTFP savings.

**This saved the organisation:
£1.43m**

This has meant a permanent reduction in headcount across the workforce to deliver.

MTFP Savings

During 23/24 budget setting, Directorates had identified posts for deletion to contribute towards the MTFP position.

**This will save the organisation:
£633k**

Total Workforce Related Savings

23/24 staffing savings: £3.36m pa

Workforce Savings 24/25 (cumulative effect)

To ensure there was a safe budget position for 24/25, the Council and the Executive needed to make difficult decisions which impacted services and residents. In addition, Directors have implemented internal changes to reduce workforce costs during this financial year.

Managed Vacancy Factor

Every budget manager across the organisation will have a further c2.5% reduction of funding applied at the start of the 24/25 financial year.

**This will save the organisation:
£3.05m**

This required teams to hold vacant posts for longer or not recruit into positions at all to ensure that c4.5% budget reduction was achieved

Corporate Savings Target

Each Director was required to contribute towards a corporate workforce saving in addition to their MTFP savings.

**This will be an on-going saving for the organisation:
£1.43m***

This has meant a permanent reduction in headcount across the workforce to deliver.

*Delivered in 23/24

MTFP Savings

Directorates continue to identify posts for deletion to contribute towards the MTFP position.

**This will save the organisation:
£2.37m**

Total Workforce Related Savings

**Total staffing savings: £6.85m pa - circa
9% of the workforce**

Conclusion

Conclusion

- Difficult and Challenging time ahead
- Revenue Budget 2023/24 includes the delivery of £11.8m
- Revenue savings to achieve in 2024/25 - £12.6m of which £3.5m is staffing
- Revenue Budget Gap – 2025/26 £8.8m
- Capital Gap - £8.5m over the MTFP – further work needed (delays / stopping / finding income)