

TITLE	Chief Financial Officer's Report
FOR CONSIDERATION BY	The Executive on Thursday 25 th January 2024
WARD	None specific;
LEAD OFFICER	Deputy Chief Executive – Graham Ebers
LEAD MEMBER	Executive Member for Finance – Imogen Shepherd/DuBey

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive and CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The CFO report highlights the strong financial management the Council. It also outlines the major financial issues facing the Council in the medium-term period, which without the Council taking a commercial approach could increase the reliance on council tax income as well as impact on the future delivery of Council services.

RECOMMENDATION

The Executive is asked to:

- 1) note the Chief Finance Officer (CFO) report (**Appendix A**) and the issues contained within, including the local government finance settlement and the sections on key risks, and that they consider these when setting the council tax for 2024/25 and agreeing the Council's medium term financial plan (MTFP);
- 2) support the Council's response to the local government finance settlement as set out in **Appendix 6 of the Chief Finance Officer report**.

EXECUTIVE SUMMARY

The Local Government Act 2003 requires the Chief Financial Officer (Deputy Chief Executive) to report to Members as part of the budget setting process. A major influence on the budget is the local government finance settlement. It is important to note that the current finance settlement is again for one year only. A 3-year funding settlement has been expected and requested across Local Government for a number of years but only a 1 year settlement was announced, again leaving considerable uncertainty over the Council's funding from 2025/26 onwards. Wokingham still face major ambiguity on future funding levels in the face of unprecedented risk and increases in demand and await the outcome from the delayed Government's comprehensive spending review.

The report seeks to explain the Council's finances, including its financial challenges and risks, to provide an important context to the 2024/25 budget proposals. The final version of this report will be presented to Council in February and will provide an opinion on how safe the 2024/25 proposals are considered to be.

BACKGROUND

The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive and CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report outlines the major financial issues facing the Council.

The Chief Financial Officer's report contains issues, risks and strategic considerations in respect of revenue and capital. Key issues are also highlighted in the report.

The provisional local government finance settlement was released on 18 December 2023, outlining Wokingham's funding levels for 2024/25. A response to the consultation on the settlement has been prepared and is attached as appendix six. The final settlement will be ratified by Parliament in February.

Corporate Implications

The Medium Term Financial Plan covers both the revenue and capital budgets required to deliver the priorities of the Council over the next three years. The proposed net revenue budget for 2024/25 is approximately £169m (excluding depreciation) (£154m in 2023/24).

The Council needs to set a balanced budget in the context of this. The budget requirements for 2024/25 and 2025/26 are also shown in the plan as indicative figures only

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See MTFP	Yes	Revenue and Capital
Next Financial Year (Year 2)	See MTFP	Yes	Revenue and Capital
Following Financial Year (Year 3)	See MTFP	Yes	Revenue and Capital

Other Financial Information

Included in MTFP

Stakeholder Considerations and Consultation

The budget setting process starts early in the previous financial year with a focus on areas which require budget growth to meet growing demands and areas which can deliver savings through efficiencies and additional income generation.

A budget submission process is undertaken to ensure budget bids can be challenged in the context of the Council's aims and objectives. To enhance transparency and budget setting engagement this year's process (similar to last year) has included consultation

with the Community and Corporate Overview and Scrutiny Committee (CCOSC). Information provided at CCOSC is also available to the Public.

Public Sector Equality Duty

Public Sector Equality Duty was considered throughout the budget bid process

Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030*

The MTFP sets out the Councils planned investment to support Climate Change and individual service changes will also consider environmental impacts as part of business case and decision making process.

List of Background Papers

CFO Section for Medium Term Financial Plan

Appendix Six – WBC Consultation response letter to draft settlement

Contact Graham Cadle

Service Finance

Telephone 0118 974 6555

Email Graham.cadle@wokingham.gov.uk

This page is intentionally left blank