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Finance and Resources Overview and Scrutiny Committee

Report for:	Finance & Resources Overview and Scrutiny Committee
Title of report:	Draft Budget Preparation 2024/25
Date:	7 th February 2024
Report on behalf of:	Cllr Ron Tindall – Leader of the Council and Interim Portfolio Holder for Corporate and Commercial.
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Budget Summary 2023/24 Appendix B – Statement of Reserves Appendix C – Capital Treasury Strategy 2024 - 2028 Appendix D – Treasury Strategy 2024/25 Appendix E – Budget Consultation Responses
Background papers:	Cabinet - Agenda item 17 th October 2023 - Medium Term Financial Strategy 2023/24 – 2027/28. Joint Budget Scrutiny – 6 th December 2023.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee RSG – Revenue Support Grant

Report Author / Responsible Officer

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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for
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	those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All Wards
Purpose of the report:	To provide Members with an overview of proposed changes to the draft budget presented to Scrutiny in December 2023, and provide the opportunity to scrutinise and provide feedback to Cabinet.
Recommendation (s) to the decision maker (s):	That the Scrutiny Committee review and scrutinise the draft budget proposals for 2024/25 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.
Period for post policy/project review:	The budget undergoes ongoing monitoring and review as part of the Corporate Financial monitoring processes. The Council's budget is revised at least annually.

Introduction/Background:

1. The purpose of this report is to present for scrutiny the additional proposed changes to the 2024/25 draft budget presented to scrutiny in December 2023.
2. The Joint budget scrutiny group will jointly scrutinise these budget proposals and will focus only on the proposed changes to the draft budget presented to Scrutiny in December.
3. The following appendices summarise the Dacorum Borough Council draft budget for 2023/24 and adjoining information;

Corporate view

- Appendix A – General Fund Budget Summary 2024/25

Reserves

- Appendix B – Statement of Earmarked Reserves

Corporate Strategies

- Appendix C – Capital Strategy 2024 - 2028
- Appendix D – Treasury Strategy 2024/25

Budget Consultation

- Appendix E – Budget Consultation responses

Options and Proposals.

Changes to the 2024/25 budget proposals since December OSC meeting.

4. Funding changes to the draft budgets published for the Joint OSC on 6th December 2023 are summarised in table 1 below, with more detail provided in paragraphs 5-12.

Table 1: Changes to the DBC 2024/25 Funding Proposals.

Budget Gap, Joint OSC December 2023	£
Local Government Financial Settlement Changes	
Removal Negative RSG Provision	(200k)
New Homes Bonus 2024/25	(1,160k)
Local Government Finance Settlement	(80k)
Allocation to the Climate and Sustainability Reserve	1,160k
Revised 24/25 Budget Savings Requirement (+ is pressure, -ve is surplus)	(280k)

Local Government Settlement Changes 2024/25

5. On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2024/25. This initially showed a shortfall in government funding for the Council compared to draft budget projections of £108k.
6. On 24th January, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament providing an additional £600m of government funding as part of the pending **Final** local government finance settlement 2024/25. This equates to an additional circa £188k of funding for the Council, resulting in a net additional funding level of £80k.
7. The draft Local Government Finance settlement was announced on the 19th December and the statement set out some explicit policies including regards to negative RSG. The draft Local government finance settlement states *"We (Government) are confirming that we have no plans to introduce 'negative Revenue Support Grant'".*
8. The Dacorum 2023 MTFS revised projected medium term government funding including removing negative RSG of £2.3m over the medium term, leaving a residual element to support any potential funding shortfall including £200k in 2024/25. Following the government's policy directive the Council will no longer provide for negative RSG in the financial plan.
9. It was also announced that there would be a new round of New Homes Bonus (NHB) payments of £1,160k in 2024/25 but that this is a one off allocation and will not attract legacy payments for future years, hence 2024/25 is now expected to be the final year of the current New Homes Bonus scheme.
10. The net impact of the NHB one off funding stream will be allocated to reserves in line with proposals outlined in the MTFS and December scrutiny.

Revised Budget Proposals for 2024/25

11. Table 2 below details the new budget proposals made since December Scrutiny;

Table 2: New Budget Proposals

Budget Gap, Joint OSC December 2023	0
Increased government funding (Detailed in Table 1)	(280k)
Parking Implementation contingency	100k
Revised Parking Charges changes	100k
Parking Investment Reserve	80k
Revised Budget Savings Requirement	0k

- The parking fees policy was approved by Cabinet in December 2023 for implementation by the 1st July 2024. The administration have sought to make changes to this policy to support town/village centres and local businesses, these changes are potentially going to lead to a delayed implementation and hence reduce income collection by up to £100k.
- The revised parking proposals that include removal of evening parking charges and reduced on street charging are projected to reduce the projected income from car parking by circa £200k p.a. and in the part year implementation of 2024/25 circa £100k.
- During 2024 a parking task and finish group will be set up to review the new parking Traffic Regulation Orders (TRO) and fees policy. This group will also oversee the implementation of new service upgrades including hardware that support the TRO's and additional data collection, to provide an evidence base for future parking policies. Circa £80k of funding is required to support this delivery.

Housing Revenue Account

12. The HRA 30 year Business plan was presented to Housing Scrutiny in January and will be presented to Cabinet in February, the draft budget HRA budget presented to members in December supports this delivery.

Capital Strategy

13. The 2024-28 Capital Strategy is attached at Appendix C and details the overall strategic use of resources to support the capital programme reviewed at Scrutiny in December 2023. The principles of the capital strategy have not changed year on year.
14. The overall capital programme has been updated to include the slippage reported in quarter 3 2023/24 with the addition of 2 other changes made to the programme;
 - The majority of the Council Fleet replacement programme has slipped into future years as the council assesses the medium term fleet requirements with a focus on greener transport.
 - The Leisure investment programme has been slipped into 2025/26 and 2026/27. The leisure assets require investment in the medium term and proposals will be drawn up in 2024 for the new administration to approve and set in place, hence it is unlikely that any significant spend is likely in 24/25 given the timeframe for decision making, due diligence, and procurement required, for any significant capital investment in leisure.

If progress or opportunities arise to invest these funds in a shorter timeframe these funds could be brought forward as part of an accelerated capital investment scheme.

Treasury Strategy

15. The Council has a statutory requirement to have an approved annual Treasury Strategy. Appendix D is the draft 2024/25 Treasury Strategy for review. The overall strategy and approach to investments, borrowing and risk are in line with previous year's treasury strategies and aligned to government guidance on best practice.

Budget Consultation

16. The Council undertook a budget consultation for 4 weeks from the 11th December 2023 to 8th January 2024 on the Lets Talk Dacorum website. The consultation was advertised on social media and the weekly Dacorum e-bulletins. This was the first time the Council has consulted on its budget in this manner.
17. The questions were tailored to make it as clear and as simple as possible to respondents, ensuring they understood what services are provided by Dacorum Borough Council rather than other authorities such as Hertfordshire County Council.

18. There were 175 responses in total and six questions were posed which respondents did not have to respond to in entirety. In addition there was also a free text box for any further comments.
19. Whilst it is positive that there was engagement in the consultation, the number of respondents is relatively low given the population size of the borough. It is expected that this consultation will be carried out on an annual basis and the Council will aim to increase the number of respondents, and look to target different demographic groups.

Key findings from consultation:

- The level of financial resource allocated to services under 2024/25 budget proposals reflects respondent priorities. Waste collection, our largest General Fund service in terms of expenditure budget, is identified amongst the majority of respondents as being 'very important' and the service that the Council should prioritise for Council funding.
- Services identified most frequently by respondents as not being considered by them as a priority for Council funding include community events, arts venues and adventure playgrounds.
- Respondents are most in favour of the Council charging more for planning services and garage rentals.
- Respondents are least in favour of the Council charging more for the collection of green waste and parking.
- The majority of respondents are Hemel Hempstead residents.

Financial and value for money implications

20. A combination of the budget setting process, supported by the corporate governance arrangements and strong financial and procurement controls support a robust framework of processes that strive to achieve value for money in the delivery of council services.

Legal Implications

21. N/A

Risk implications:

22. The Council is required to set a balanced budget and scrutiny of the overall budget proposals and risks included will assist in the challenge process required.

Equalities, Community Impact and Human Rights:

23. Where appropriate, Community Impact Assessments for proposed budgets amendments have been undertaken by relevant service areas.

Sustainability implications (including climate change, health and wellbeing, community safety)

24. The individual budget changes will be delivered through the council's project management and delivery framework and this process includes assessing the impact on sustainability.

Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

25. N/A

Conclusions

26. Members are asked to review and scrutinise the draft budget change proposals for 2024/25 and provide feedback, to be considered by Cabinet.