

Westmorland and Furness Council

Report Title	Draft Revenue Budget 2024/25 and Medium Term Financial Plan (2024-2029) and Draft Capital Programme (2023-2029)
Meeting	Council
Meeting Date	22 February 2024
Report Author	Pam Duke – Director of Resources & Section 151 Officer
Lead Cabinet Member	Councillor Andrew Jarvis – Cabinet Member for Finance
Wards Affected	All
PUB;IC, PART EXEMPT OR FULLY EXEMPT	N/A
Appendices (if any)	<ol style="list-style-type: none"> 1. Medium Term Financial Plan 2024-2029 2. Consultation Feedback 3. Locality Board Budgets & Guidance 4. Housing Revenue Account 2024/25 5. Treasury Management Strategy 2024/25 6. Senior Leadership Pay Policy Statement 7. Capital Programme Movements 8. Overall Capital programme 2023-2029 9. Equality Impact Assessment 10. Net Revenue Budget Summary 2023-2029

1. Executive Summary

- 1.1 Cabinet on the 13th February agreed to recommend to Council the proposed spending plans in its draft Revenue Budget for 2024/25 and Medium Term Financial Plan covering 2024-2029. The MTFP includes the proposed Capital Programme 2024-2029.
- 1.2 The budget proposals set out the financial considerations and estimates on the different elements of Local Government funding (including the Council Tax requirement for 2024/25), national and local financial pressures and proposed savings as well as investment for the future to support delivery of the Council Plan priorities and Delivery Framework missions.
- 1.3 The ambition of Westmorland and Furness Council is to ensure that it is a great place to live, work and thrive; placing people at the centre of everything it does, working hard to maximise the opportunities that the natural environment brings and being ambitious for the local communities and residents.
- 1.4 The Council wants to support people to have healthy lives, reduce inequality, drive delivery of carbon net zero, support our communities and enable sustainable economic growth. The focus on these issues will make a positive difference. It also knows that achieving the transformation of services and the delivery of the Council Plan must be achieved in a financially sustainable way.

- 1.5 The report sets out the:
- a. Medium Term Financial Plan (MTFP) 2024-2029
 - b. Revenue spending plans to achieve a balance budget for 2024/25 (including the Housing Revenue Account budget 2024/25)
 - c. Council Tax Requirement for 2024/25
 - d. Capital Programme for 2023-2029
 - e. Treasury Management Strategy for 2024/25
 - f. Fees and charges update
 - g. Locality Board budgets
 - h. Senior Leadership Pay Policy Statement
- 1.6 As well as the recognition of the costs of integration and stabilisation as a Unitary Council entering its second year, this report also includes the wider context of continued global and national economic uncertainty and the continued constraints around Local Government Funding. This is important context as this uncertainty and complexity will mean that there is more risk in the budget than previous years may have recognised, and the key financial risks have been identified and mitigations established.
- 1.7 The report provides an update on the overall funding position since the report to Cabinet in December 2023, the report to Cabinet in February 2024 and the provides a final position on the overall proposals for budget pressures, investment, and savings to present this balanced budget proposal.
- 1.8 Some of the key elements of the revenue budget presented are:
- No reduction to frontline service delivery and investment through the change programme for the Council to deliver on the benefits of being a Unitary Council
 - Supporting the Council's priorities through investment in both integration and improvement activities and implementation of the Delivery Framework that builds on the Council Plan and explains the approach for delivery. The Delivery Framework also established ten intentionally bold mission statements that when delivered, in collaboration with our partners and communities, will enable delivery of our vision. This requires the Council to change and transform not just what we do but how we do it. In turn that means that our Medium Term Financial Plan needs to enable and support those changes and provide an ability to 'pivot' the existing budgets into areas of investment whilst also ensuring that capacity and the legacy impacts of Local Government Reorganisation are sufficiently resourced and the benefits of becoming a Unitary Council are realised.
 - Capital investment of £499.946m over a six-year period.
 - Recognition of continuing inflationary pressures across the services. Estimates for inflation have been modelled and a prudent level of risk has been built into the inflation budget particularly around future estimated pay awards.
 - Proposed increases in Council Tax of 4.99% in line with Government policy. This is 2.99% increase in general Council Tax plus 2% for the Adult Social Care Precept.
 - Additional support for the service areas most affected by significant cost increases and demand including Children's Services and inclusion of

specific grant funding to support Adult Social Care ensuring that the Council continues to protect the services for the most vulnerable.

- Support for both frontline and enabler services in recognition that there is a need to continue the integration, stabilisation and improvement journey, to complete the legacy disaggregation, and ultimately ensure that services remain safe and legal and are well designed, well delivered, meet customer needs, and are resilient.

1.9 Council is asked to consider the recommendations in this report.

2. Recommendations

For the reasons set out in this report, Council is recommended to:

2.1 Consider and take account of the response to the Budget Consultation including Overview & Scrutiny Committee feedback set out in **Appendix 2**.

2.2 Note the Director of Resources & Section 151 Officer Section 25 Report as at Section 5 including her review of the robustness of the estimates and the adequacy of the reserves.

2.3 Approve a 2.99% increase in the general Council Tax and an additional 2% increase for the Adult Social Care precept for 2024/25 resulting in an overall increase of 4.99%.

2.4 Approve charging the empty homes Council Tax premium of 100% after 1 year empty, and 300% after 10 years empty; from the 1 April 2024.

2.5 Subject to 2.1 and the approval of 2.3 and 2.4 above, approve:

- a Council Tax requirement of £163.663m which results in a Band D Council Tax of £1,827.76 for Westmorland and Furness Council,
- noting that a separate report on calculating the total 2024/25 Council Tax charges is being presented to Council as part of today's agenda.

2.6 Approve the introduction of a 100% Council Tax premium on second homes effective from 1 April 2025.

2.7 Approve the draft Net Revenue Budget requirement of £272.501m for 2024/25 (See **Appendix 10**) and:

- A five-year Medium Term Financial Plan 2024-2029 (see **Appendix 1**).
- The schools budget for 2024/25 of £215.521m including £80.507m for academies and free schools and other providers.
- The use of reserves and levels of forecast reserves contained in the Medium Term Financial Plan.
- The Capital Programme for 2024/25 of £110.507m (set within a six-year programme 2023-2029 of £499.946m) (**Appendix 7 and 8**).
- The Locality Board budgets of £2.868m for 2024/25 (**Appendix 3**).
- Housing Revenue Account - balanced budget including the use of £0.632m earmarked reserves and a 3.5% increase on dwelling and garage rents (**Appendix 4**).

- Treasury Management Strategy for 2024/25 (**Appendix 5**).
 - The Senior Leadership Pay Policy Statement for 2024/25 (**Appendix 6**).
 - Equality Impact Assessment (EIA) for Council Tax charges, fee and charge increases, and the housing and garage rent increases (**Appendix 9**).
- 2.8 Approve that the slippage or accelerated position on the Capital Programme at 31 March 2024 is included within the 2024/25 Capital Programme and reviewed as part of Quarter 1 budget monitoring.
- 2.9 Approve the Strategic Highways and Transport Committee budget of £1.386m revenue and £21.937m capital subject to agreement by Council of the overall budget.
- 2.10 Approve the Locality Boards revenue budget allocation of £2.868m as set out in **Appendix 3**, subject to agreement by Council of the overall budget, and the draft guidance in respect of allocations and the limitations of virements.
- 2.11 Approve the proposed increases in fees and charges (see paragraphs 3.114-3.127). All are in accordance with the Fees and Charges Policy approved by Council in March 2023.
- 2.12 Approve delegation to the Director of Thriving Communities in consultation with the Housing & Homelessness Portfolio Holder and Finance Portfolio Holder, to make arrangements to administer any specific grant received for the Household Support Fund in 2024/25.

3. Information: The Rationale & Evidence for the Recommendations

Introduction

- 3.1 This will be the first full budget setting process that Westmorland & Furness Cabinet and Council will deliver as the 2023/24 Revenue Budget and 2023-2028 Medium Term Financial Plan, and Capital Programme were set by the Westmorland & Furness Shadow Authority Council in March 2023.
- 3.2 This report sets out the approach being taken to deliver a balanced budget for the 2024/25 financial year and sets out financial planning assumptions for 2025-2029. The importance of a five-year financial planning period is to demonstrate ongoing commitments to deliver change and transformation programmes which will be essential for the long-term financial sustainability of the Council.
- 3.3 The 2023/24 revenue budget has been updated from that set by Council in March 2023 and the quarterly monitoring reports show the detail of those changes. The restated revenue budget for 2023/24 in the Medium Term Financial Plan reflects the Quarter 2 position and is £263.478m.
- 3.4 The 2024-2029 Medium Term Financial Plan sets out the framework within which the Council plans to use its financial resources to fund the activity required to deliver the Council's vision and priorities. Our vision is 'to be a great

place to live, work and thrive'. The Council Plan also sets out the priorities and our values that underpin everything we do. The Council is committed to supporting people to have healthy lives, reduce inequality, drive delivery of carbon net zero and support biodiversity alongside supporting its communities and enabling sustainable and inclusive growth.

- 3.5 In September 2023, the Council published its first Council Plan Delivery Framework. The Delivery Framework builds on the Council Plan and explains the approach for delivery; this also established ten intentionally bold mission statements that when delivered, in collaboration with our partners and communities, will enable delivery of our vision. This requires the Council to change and transform not just what we do but how we do it. This means that our Medium Term Financial Plan needs to enable and support those changes and provide an ability to 'pivot' the existing budgets into areas of investment whilst also ensuring that capacity and the legacy impacts of Local Government Reorganisation (LGR) are sufficiently resourced and the benefits of becoming a unitary council are realised.
- 3.6 The budget consultation sought views on the Council's general increase to Council Tax for 2024/25. The proposed Council Tax increase for 2024/25 is 2.99% and is consistent with the existing Medium Term Financial Plan and the proposed Council Tax Referendum threshold as stated by Government in the two-year financial settlement last year. In addition, the Council proposes to increase the Adult Social Care Precept by 2% to support Adult Social Care Services and this is in line with the Medium Term Financial Plan. The outcome of the Budget Consultation is considered in more detail in Section 6 of the report and Appendix 2 provides the findings of the consultation exercise and analysis. Members are advised to consider the responses to the consultation exercise and take account of these in their decisions. Members are also advised to consider and take account of the Equality Impact Assessment appended to this report.
- 3.7 Like all Local Authorities, the Council has significant budget pressures that are not fully funded from central Government, which means that efficiencies, savings, and different delivery approaches are required to balance the budget and enable investment in priority areas. The Council has a very pressured funding envelope. Council Tax income is the most sustainable and significant source of funding for the Council, hence consulting on proposed increases to Council Tax provide an ability for the Council to continue to deliver its essential services.
- 3.8 Since 1 April 2023, a significant amount of work has been undertaken to review the detail within the combined legacy budgets to ensure the Westmorland & Furness Council directorate budgets align with their service responsibilities. This has been a significant task and has resulted in changes being made to the original allocation of budgets between directorates. The restated directorate budget position for 2023/24 is included in the Medium Term Financial Plan 2024-2029.
- 3.9 Cabinet have received regular updates on the 2023/24 financial position of the Council with Quarter 1 budget monitoring reported in October 2023 and Quarter 2 budget monitoring being reported in December 2023. Quarter 1 budget

monitoring report forecast a potential overspend position of £0.324m against a net budget position of £263.478m. Quarter 2 budget monitoring report forecast an increased potential overspend position of £0.861m. Work is ongoing to manage the overspend position in year and the prudent assumption is that a balanced budget is achieved for 2023/24.

3.10 The Council's ambition for Westmorland & Furness Council is presented in the Council Plan with a Vision to be a great place to live, work and thrive:

- As a **great place to live**, with strong local and community leadership, housing for all making best use of land and existing buildings, empowered places, proud and resilient, communities, a green and biodiverse environment, support for those that need it, when they need it, and opportunities for children and young people to live healthy, happy lives.
- As a **great place to work**, with a sustainable, inclusive, diverse economy with a growing work force delivering opportunities for high quality jobs, learning, skills and enterprise, support to encourage business creation and improved infrastructure and connectivity.
- As a **great place to thrive**, with opportunities for education, health, and wellbeing, a diverse visitor offer, and thriving cultural economy, support for all to start well, live well and age well, holistic early intervention to support people in need and excellent walking and cycling routes.

3.11 The Council Plan also outlines seven priorities:

- For People – Supporting active, healthy happy lives for young and old.
- For People – Supporting people in need and reducing inequality.
- For the Climate – Providing leadership in the drive to become carbon net zero.
- For Communities – Confident, empowered, resilient communities.
- For the Economy and Culture – Sustainable, inclusive economic growth.
- For our Customers – At the heart of everything we do.
- For our Workforce – Confident, empowered, and inclusive workforce.

3.12 The Council Plan also sets out the values that underpin everything that the Council does and being a caring council is the golden thread that runs through everything that is delivered. The Vision, priorities and values provide the framework for the Council's ongoing stabilisation, improvement and transformation over the next five years and these aspirations and ambitions will be reflected in service and operational plans that are being developed for all service areas.

3.13 The Council is legally required to approve a balanced Budget for 2024/25.

3.14 The draft Net Revenue Budget proposed for 2024/25 is £272.501m.

Context and Background

3.15 Within the existing Medium Term Financial Plan there were savings of £9.911m to find to balance 2024/25 and this increased to £15.086m by 2027/28 as shown in Table 1.

Table 1 – Medium Term Projection at March 2023

Savings to identify	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
2024/25	9.911	9.911	9.911	9.911	9.911
2025/26		3.674	3.674	3.674	3.674
2026/27			0.193	0.193	0.193
2027/28				1.308	1.308
2028/29					4.198
Total savings	9.911	13.585	13.778	15.086	19.284

- 3.16 The overall approach to budget setting considers the following:
- The Council priorities – what the Council wants to do and the results it wants to achieve.
 - The levels of service delivery that will deliver value for money and deliver efficiencies.
 - The level of funding anticipated from Government.
 - The level of funding anticipated from Council Tax and Business Rates.
 - Income that can be generated from fees and charges.
 - The level of reserves and balances required to be prudent and to recognise the overall level of risk.
 - Stakeholder consultation.
- 3.17 In addition, the wider economic context is important to factor in as that impacts on potential risks both nationally and internationally and the financial consequences of ongoing geopolitical concerns and cost of living crisis. Supply chains and skills shortages as well as inflationary pressures are all affected.
- 3.18 As part of the Autumn Statement 2023, the Office for Budget Responsibility has issued its Economic and Fiscal outlook for the next five years. This supports the Chancellor’s statement. The overall summary that has been provided suggests that the economy has proved to be more resilient to the shocks of the pandemic and energy crisis than anticipated. By the middle of this year, the level of real Gross Domestic Product (GDP) stood nearly 2% above its pre-pandemic level and around 3 per cent above the March 2023 forecast that supported the spring budget. The expectation is that the economy will grow more slowly over the forecast period, leaving the level of real GDP only ½ a per cent higher in the medium term than in the March forecast.
- 3.19 Inflation is expected to be more persistent and domestically fuelled than previously thought with the expectation that it would be below 5% by the end of 2023. It is estimated that Consumer Price Index (CPI) in 2025/26 will be 1.6%, reducing to 1.5% in 2026/27, increasing to 1.8% in 2027/28 and 2% in 2028/29.
- 3.20 In respect of interest rates, the prediction is that they will need to remain higher for longer to bring inflation under control. The Bank of England interest rate reached a 15-year high of 5.25% in August 2023. Markets now expect the interest rate to settle at 4% by the end of the five-year forecast, rather than fall to 3% as was assumed in March 2023.

- 3.21 Despite the more challenging outlook for the real economy, higher inflation leaves nominal GDP nearly 5½% higher by the start of 2028 than forecast in March 2023. More persistent, domestically driven inflation boosts nominal tax revenues, but it also raises the cost of welfare benefits, and higher interest rates raise the cost of servicing the Government's debts. It is mainly due to the Chancellor's decision to leave departmental spending broadly unchanged that higher inflation and other forecast changes reduce borrowing by £27bn in 2027/28 compared to the March 2023 forecast.
- 3.22 Specifically mentioned in the Autumn Statement 2023 was that a Barrow Delivery Board is to be set up with confirmed financial support of £5.000m revenue funding over three years to enable local people to see lasting benefits from investment in Defence Nuclear Enterprise. The detail of this funding is yet to be confirmed and so is not yet included in the 2024/25 – 2028/29 revenue budget presented.
- 3.23 This commitment will support the Team Barrow structure and governance and start developing business cases for the policy interventions needed to meet Teams Barrow's aims and objectives. The next stage is for Government to develop a multi directorate business case to support further investment in capacity, skills, public health interventions and economic growth, transport, and planning. This will support making step changes in supporting the local economy and town to thrive.
- 3.24 Also included in the Autumn Statement was an announcement that the Heart of Kendal scheme had been provisionally awarded up to £13.477m through the third round of the government's Levelling Up Fund. This scheme will build on existing investment already going into the town through the Stramongate Public Realm Improvement Scheme, the Kendal Flood Risk Management Scheme, and improvements to walking and cycling routes along the River Corridor.
- 3.25 An additional £7.090m Levelling Up funding investment for the Inspiring Eden Enterprise Hub was also announced, a proposal to develop a purpose-built, state-of-the-art rural enterprise facility. Like Heart of Kendal, government has made clear that the funding is still subject to final approval and colleagues are now reviewing the original business case in light of the announcement, engaging with officials at the Department for Levelling Up, Housing and Communities to understand the implications and discuss next steps. These schemes will be included in the capital programme once the final business case and grant agreement have been approved.
- 3.26 The Draft Local Government Finance Settlement published on the 18 December 2023 indicated significant reductions in New Homes Bonus and the Services Grant for all Councils, and an increase in the Social Care Grant. Following lobbying by the sector on the financial pressures that Local Government are continuing to face a £600m support package was announced by the Levelling Up Secretary on the 24 January 2024, with £500m of that adding to the Social Care Grant. There was also an increase in the Rural Services Delivery Grant.

- 3.27 This report includes the latest announcements on funding proposals and provides an update on the financial planning assumptions and the estimates used to inform a balanced budget for 2024/25. Within the assumptions are the potential pressures, proposed investments and savings that are required to support delivery of the Council Plan vision (paragraph 3.10), priorities (paragraph 3.11), and the Council Plan Delivery Framework missions (paragraph 3.106).
- 3.28 The Final Local Government Settlement for 2024/25 was published on the 5th February 2024. It confirmed the additional funding announced on the 24th January 2024 and also committed to a commitment to “reform and modernise the local government finance system in the next Parliament to deliver simpler and fairer settlements for councils” adding that it is the Government’s intention to return to multi-year settlements in the next Parliament, when circumstances allow.
- 3.29 The final settlement resulted in additional funding of £0.380m as general grants for 2024/25. As per the approved delegation from Cabinet to the Director of Resources, in consultation with the Finance portfolio holder, this has been transferred to the Financial Volatility Reserve.
- 3.30 The final settlement also included a requirement that DLUHC want local authorities to “produce productivity plans setting out how they will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers’ money.” DLUHC will set up an expert panel (to include LGA and OfLOG) to review these plans and advise on best practice.

Medium Term Financial Plan

- 3.31 On the 12 December 2023, a revised Medium Term Financial Plan was presented to Cabinet which reported progress against the budget gap, which at that time was £5.000m for 2024/25, and an indicative forecast of 2025-2029.
- 3.32 Subsequent work to finalise the funding and expenditure has closed the £5.000m gap for 2024/25 and a balanced budget is proposed. The budget proposals are set out in the following paragraphs and tables.
- 3.33 Table 2 presents the proposed budget position after reflecting all of the potential pressures, savings, and investment areas.

Table 2 – Medium Term Projection at February 2024

	Table	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Budget gap at March 2023		9.911	13.585	13.778	15.086	19.284
Funding adjustments	4	(10.784)	(13.533)	(17.470)	(21.759)	(26.168)
Second Homes Premium delay		5.103	-	-	-	-
Pressures	6	10.584	11.708	13.588	14.738	14.888
Disaggregation pressures	7	1.326	0.876	0.787	0.787	0.787

	Table	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Investment	8	6.659	7.287	6.577	5.792	5.792
Capacity	9	3.684	5.098	5.058	5.058	5.058
Proposed savings	13	(10.337)	(6.796)	(7.277)	(7.277)	(7.277)
Fees and charges (income)	12	(2.850)	(2.900)	(2.950)	(2.950)	(2.950)
Specific Service Grants		(3.040)	(1.200)	(1.200)	(1.200)	(1.200)
Proposed one-off (use of) / transfer to earmarked reserves	14	(7.756)	(2.800)	0.000	0.000	0.000
Proposed reduction in General Reserves	14	(2.500)	-	-	-	-
Pre 2024/25 pressures		0.000	1.191	(1.877)	(0.425)	0.513
Budget gap at February 2024		0.000	12.516	9.014	7.850	8.727

Funding

- 3.34 In respect of funding, the Council has undertaken a review of its funding streams based on national, local, and specific intelligence available. The Council has reviewed likely scenarios in respect of sources of finance and potential risks to those sources of income and used those to inform the strategic planning process.
- 3.35 The final Local Government Finance Settlement was published on the 5th February 2024 and is reflected in the funding adjustments in Table 2.
- 3.36 The additional grant funding as a result of the final settlement is an increase in the Social Care Grant of £2.383m, an increase in the services grant of £0.024m and an increase in the Rural services Delivery Grant of £0.879m. The prudent assumption is that this is for 2024/25 only.
- 3.37 Given the significant pressures already identified in Children's services it is proposed that £1.027m of the additional Social Care Grant is utilised to fund those pressures. This reduces the use of reserves. £1.000m will be ring fenced within Adult Social Care services to be utilised on additional demand pressures / sufficiency costs pressures that occur in year and £0.356m will be transferred to the Financial Volatility Reserve. The Rural Services Delivery Grant of £0.879m and the additional £0.024m services grant will be added to the Financial Volatility Reserve
- 3.38 These are unprecedented times, for the Council and for Local Government as a whole. The financial planning updates reflect the following context:
- The financial resilience of Local Authorities across England is under significant pressure and this challenge is no different in Westmorland & Furness. In recent years four Councils have issued s114 notices and at least 16 Councils have received Capitalisation Directions to support their financial resilience.
 - The COVID-19 pandemic, which created significant health, social and economic challenges. Some of the financial challenges directly impacting local government have continued well beyond the pandemic (e.g.,

increased demand for adult and children's services, reduced collection rates on Council Tax and Business Rates).

- No long-term stability around future funding allocations. A multi-year Spending Review was published in November 2015 that detailed spending assumptions for local government up to the end of 2019/20. Since 2020/21 Local Government has been subject to one-off Settlements and this approach was extended to 2021/22 and beyond. The continuing lack of a multi-year Spending Review is engendering uncertainty.
- The planned reform to Local Government funding, already much delayed, has been put in abeyance. It is not clear what direction funding reform will follow, the timing of that reform nor the financial implications arising. A General Election in 2024 will inevitably impact how the agenda of reform to Local Government funding will proceed but for budget modelling purposes it has been assumed that the direction being taken through the one year settlement announcements will continue. More detailed assumptions about specific funding streams are detailed in later paragraphs.

3.39 Following a review of funding assumptions, an additional funding of £10.404m has been identified based on:

- Business Rates income inflationary uplift including Section 31 grants based on a CPI uplift of 6.7% and changes in the number/value of properties;
- Inflationary uplift of 6.7% on Revenue Support Grant and general grants;
- Grants announced in the Draft Settlement in December 2023;
- Empty Homes premium: charging a 100% premium after 1 year and 300% premium for homes empty for greater than 10 years;
- Council Taxbase increase that includes the Council Tax Reduction Scheme.

3.40 The New Homes Bonus grant and the Services Grant continue but are significantly reduced for 2024/25 following the recent Draft Local Government Finance Settlement.

- New Homes Bonus down £0.324m compared to the Medium Term Financial Plan; 2024/25 grant £0.078m.
- Services Grant down by £1.230m compared to the Medium Term Financial Plan; 2024/25 grant £0.270m.

Council Tax

3.41 Council Tax is the most stable, sustainable, and significant source of income for Westmorland & Furness Council. It is driven by the Taxbase (number of Band D equivalent properties), and the level of Band D charge set by the Council.

3.42 In 2023/24 a single rate of Council Tax for Westmorland & Furness was set following harmonisation of the Council Tax charges from predecessor councils. This resulted in a Band D equivalent charge for Westmorland & Furness Council of £1,740.89 per annum.

3.43 For 2024/25 it is proposed that the general Council Tax increase is 2.99%. This is consistent with the existing Medium Term Financial Plan and the proposed Council Tax Referendum threshold as stated by Government in the two-year

financial settlement last year. In addition, the Council proposes to increase the Adult Social Care Precept by 2% to support Adult Social Care Services and this is in line with the Medium Term Financial Plan assumptions. This would result in a potential Band D equivalent charge of £1,827.76 per annum.

- 3.44 The Council Taxbase for 2024/25 has been calculated as 89,542.67 which is the total all the chargeable dwellings in the Council area after the relevant discounts, exemptions, and premiums are taken into account. The Taxbase is expressed as the equivalent number of dwellings at Band D as required for the calculation of the Council Tax Requirement. The estimated level of growth in future years has been assumed at 0.7% per annum. The Taxbase will be presented to Council on the 22 February 2024.
- 3.45 The proposed charge for Council Tax in 2024/25 is shown in Table 3 on both an annual and weekly basis; it is also compared to 2023/24.

Table 3 - Council Tax Banding 2024/25

Band	2023/24 Council Tax Charge	2024/25 2.99% General Increase	2024/25 2% Adult Social Care	2024/25 Total Increase	2024/25 Council Tax Charge	Increase Per Week	Charge Per Week
A	£1,160.59	£34.70	£23.21	£57.91	£1,218.50	£1.11	£23.43
B	£1,354.03	£40.49	£27.08	£67.57	£1,421.60	£1.30	£27.34
C	£1,547.46	£46.27	£30.95	£77.22	£1,624.68	£1.49	£31.24
D	£1,740.89	£52.05	£34.82	£86.87	£1,827.76	£1.67	£35.15
E	£2,127.75	£63.62	£42.56	£106.18	£2,233.93	£2.04	£42.96
F	£2,514.62	£75.19	£50.29	£125.48	£2,640.10	£2.41	£50.77
G	£2,901.48	£86.75	£58.03	£144.78	£3,046.26	£2.78	£58.58
H	£3,481.78	£104.11	£69.64	£173.75	£3,655.53	£3.34	£70.30

- 3.46 Overall income estimated to be received from Council Tax is £163.663m in 2024/25. This is net of the cost of the Local Council Tax Reduction Scheme and includes the empty homes premium. There is an estimated surplus from Council Tax income included in the 2024/25 budget that is incorporated into the Council Taxbase from 2025/26 onwards.
- 3.47 Cabinet on the 14 November 2023 and then Council on the 23 November 2023 approved the Local Council Tax Reduction Scheme for 2024/25. The aim of the Scheme is to provide support to residents of Working Age who have a low income, to assist them in paying Council Tax. The approved Scheme provides up to 100% support to Working Age applicants, depending on their level of income and make up of their household.
- 3.48 Government prescribes that persons of pension age, subject to their income, can receive up to 100% support towards their Council Tax. No Local Authority has the power to change the level of support provided to pensioners although the scheme has been enhanced by allowing the full disregard of war pensions and war disablement pensions (the Local Scheme) to support the Council's commitment to the Armed Forces Covenant.

- 3.49 The Council also has an existing policy that supports Care Leavers up to the age of 25 years by granting up to 100% discount on their Council Tax. This provides practical help and financial assistance to Care Leavers whilst they are developing independent lives and their life skills.
- 3.50 By continuing the current scheme from 1 April 2024 Westmorland & Furness Council continue to be one of only a small number of Councils still offering a fully funded Local Council Tax Reduction Scheme for Working Age claimants.
- 3.51 Funding for the scheme has been amalgamated into other Central Government grants paid to local authorities and into the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Government sources.
- 3.52 At a time when residents are dealing with multiple financial pressures in the cost of living it is proposed that the Discretionary Housing Fund from the Department for Work and Pensions is topped-up, to provide further support to those most in need.
- 3.53 The Discretionary Housing Fund is awarded annually from the Department for Work and Pensions, and local authorities are permitted to top-up the fund to a maximum of 250% of the allocation. To illustrate, the award for 2023/24 is £0.292m; the Council can add £0.439m; therefore, the total pot becomes £0.731m.
- 3.54 This Fund provides Discretionary Housing Payments to support housing costs for those experiencing financial hardship and contributes to the prevention of homelessness.

Second Homes Premium

- 3.55 The Levelling up and Regeneration Act 2023 provides the discretion to local authorities to increase the Council Tax payable on dwellings typically referred to as second homes, introducing a premium of up to 100%.
- 3.56 Westmorland & Furness Council consulted on this proposal in January 2023 and approved the intention to introduce the premium from the 1 April 2024 subject to the Levelling Up Bill achieving royal assent.
- 3.57 It was estimated that introducing the second home premium could provide up to £10.103m additional revenue per annum from 2024/25, rising by an estimated £0.200m each year. The MTFP had initially ring fenced £5.000m of this additional funding to support delivery of the Council priorities including those communities most affected and help tackle the affordable housing crisis.
- 3.58 Whilst the key impacts are on the local housing supply and affordability, and there are some places where most properties are either second homes or holiday homes. This has major implications for community sustainability – when there are not enough people in a community to keep services and community support networks going.

- 3.59 The Levelling up and Regeneration Act 2023 gained royal assent on the 26 October 2023. The Act provides that Councils can introduce a Second Homes Premium from 1 April 2025 following a determination which must be made at least one year prior to the beginning of the financial year to which it relates. This has formed part of the 2024/25 budget consultation. There is also within the Levelling up and Regeneration Act, the ability to introduce discretionary reliefs for specific circumstances and these may be developed and consulted on ahead of potential introduction of the second homes premium on 1 April 2025.
- 3.60 As a result of this approach a net £5.103m budget pressure has been reflected in the updated funding assumptions for 2024/25.

Empty Homes Premium

- 3.61 From April 2013 the Government gave authorities the power, under section 11B of the Local Government Finance Act 1992, to levy additional charges for properties which were long-term empty properties.
- 3.62 Premiums for Empty Homes were introduced by the Government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term.
- 3.63 The definition of a long-term empty property has been amended by the Levelling up and Regeneration Act 2023 as a property which has been unfurnished and unoccupied for a period of more than 1 year (previously 2 years).
- 3.64 Another change in the Act allows billing authorities to apply an additional 100% premium to properties that have been empty and substantially unfurnished for 10 or more years, which in effect allows a 400% charge on those properties. Westmorland & Furness currently bill those properties for 300% charge, but this will be increased to 400%.
- 3.65 These empty homes premiums were included in the Council Taxbase report agreed by the Shadow Council on 7 March 2023, and can be implemented from 1 April 2024.
- 3.66 This premium has been estimated to generate £1.000m of Council Tax funding.

Business Rates

- 3.67 In respect of Business Rates, the Government sets a funding “baseline” for each authority and under the current Business Rates Retention system, Councils retain a proportion of Business Rates that exceed this baseline.
- 3.68 Increases in Business Rates are determined by the multiplier that is determined by Central Government. Where the Government offer support on Business Rates e.g., High Street support, Councils receive compensation for lost income in the form of a Section 31 grant and an estimate on any growth in this compensation is required.

- 3.69 Inflation assumptions for the multiplier increase and for the Section 31 grant uplifts is projected at 6.7% (September 2023 CPI) and changes in the number/value of properties. This is an increase from the assumptions made when the 2023-2028 Medium Term Financial Plan was set in March 2023, and this results in a potential £5.784m additional income for 2024/25.

Government Grants

- 3.70 The Medium Term Financial Plan provides an analysis of the general grants the Council expects to receive. For 2024/25 the Council expects to receive £30.488m
- 3.71 If there are any further changes in general grants announced the proposal is that they are transferred to the Financial Volatility Reserve in 2024/25.

Specific Grants

- 3.72 The Council receives a number of specific grants each year and they are included in the gross budget position. At the time of writing this report not all of the specific grants have been confirmed so estimates have been used. The most significant specific grant is the Dedicated Schools Grant of £215.521m. £80.507m of this is transferred to Academies, free schools and other providers resulting in a net £135.014m being included in the Council's gross budget.
- 3.73 As part of the Draft Local Government Finance Settlement there was confirmation of the continuation of two specific grants for Adult Social Care. £4.891m for the Adult Social Care Market Sustainability and Improvement Fund (MSIF), which is an increase of £0.586m on the grant received in 2023/24. In addition, £2.174m is to be received for Adult Social Care Discharge Funding, an increase of £0.840m from the grant received in 2023/24. The Discharge Funding is utilised alongside the Better Care Fund plans and is aimed at reducing delayed transfers of care. These grants have been assumed to be ring-fenced for Adult Social Care.
- 3.74 The Government introduced the first Household Support Fund in October 2021, to support households who would otherwise struggle to buy food, pay essential utility bills, or meet other essential living costs or housing costs. The Household Support Fund has subsequently been extended several times and the current fund runs from 1 April 2023 to 31 March 2024. The Council was allocated £3.046m of Household Support Fund in 2023/24 and this is allocated to support free school meals, care leavers, holiday activity and food programme, school clothing grant, foster carer/special guardianship payments, ways to welfare including supporting households with the cost of energy, and delivery of support through Locality Boards.
- 3.75 The Council is awaiting an announcement on the continuation of the Household Support Grant for 2024/25. This has not yet been confirmed and like all Councils this is an essential specific grant that supports free school meals in the holidays, supports additional poverty support initiatives and community support for those that most need it. If the grant is not available in 2024/25 this will result in a reduction in the services available and/or an immediate financial pressure in 2024/25.

- 3.76 It is proposed that a delegation to determine the allocation of any Household Support Fund grant received for 2024/25 is granted to the Director of Thriving Communities in consultation with the Housing & Homelessness Portfolio Holder and Finance Portfolio Holder.
- 3.77 Table 4 summarises the updated funding assumptions:

Table 4 – Funding Adjustments

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Grant Funding	0.603	0.548	0.424	0.403	0.390
Final Settlement Grant Funding	(0.380)	0.000	0.000	0.0000	0.000
Council Tax – Taxbase changes and empty homes premium	(4.723)	(4.856)	(5.110)	(5.381)	(5.582)
Collection Fund Surplus 2023/24	(0.500)	-	-	-	-
Business Rates	(5.784)	(5.928)	(5.948)	(6.145)	(6.268)
Adult Social Care 2% precept	-	(3.297)	(6.836)	(10.636)	(14.708)
Additional Funding	(10.784)	(13.533)	(17.470)	(21.759)	(26.168)

Cost Inflation

Pay Inflation

- 3.78 The national pay award for the current financial year 2023/24 has been agreed. The estimated pay award for 2024/25 was originally 2% but given the ongoing inflation position and the 2023/24 national pay award settlement it has been proposed that the estimate is increased to 4%. This results in an additional pressure of £2.500m from 2024/25 and this will be held in a risk reserve within the Pay and Inflation budget.

Non Pay Inflation

- 3.79 A review of the original assumption for the non-pay inflation factors has been undertaken and for 2024/25 the original assumption has been updated to reflect the September 2023 CPI figures. The future year's inflation rates have been updated to reflect the revised Office for Budget Responsibility (OBR) forecasts announced in the Autumn Statement 2023.
- 3.80 Revised assumptions for inflation are shown in Table 5. For budget purposes, the CPI estimate at the end of September 2023 is taken as the budget estimate for the following years' inflation as the majority of grants etc. are linked to this figure. Where contracts have specific index increases, they have been prudently estimated.

Table 5 – Inflation Assumptions

	Sept 2023	2024/25	2025/26	2026/27	2027/28	2028/29
Pay Award		4%	2%	2%	2%	2%
CPI	6.7%	3.3%	1.6%	1.4%	1.8%	2.0%

Budget pressures – Pay and Inflation

- 3.81 In addition to the pay award risk allowance referred to in paragraph 3.78 there are other potential pay and inflation risks that have been included as proposed budget pressures for 2024/25 onwards. These include:
- Additional 1% pay award risk allowance for 2025/26 given the uncertainty around inflation assumptions.
 - Cumbria LGPS triennial valuation risks from 2026/27
 - General cost inflation risks
 - Adult social care demographic growth – demand/inflation risk
- 3.82 In addition, there are some permanent 2022/23 adjustments that need to be included in the budget following the due diligence work undertaken during 2023/24. This includes an element of permanent pay inflation and correcting the National Insurance costs included in the budget.

Budget pressures – Services

- 3.83 A review of potential recurring and one-off pressures has been undertaken as part of the quarterly budget monitoring in 2023/24 (Quarter 1 and Quarter 2).
- 3.84 The main variances identified relate to emerging pressures in both Adults and Children's Social Care, Home to School Transport and SEND Transport. These are national issues and were highlighted by the County Council Network (CCN) ahead of the Autumn Statement on 22 November 2023.
- 3.85 In respect of Home to School Transport there is a net pressure of £2.000m estimated for 2024/25 reducing to £1.500m in 2025/26. A programme of work has been established to identify further solutions to reduce the costs and deliver efficiencies in this area. A saving of £0.500m in 2024/25 has been included in the net pressure position with that increasing to £1.000m savings in 2025/26. Westmorland & Furness Council is a rural council and hence the costs of travel will be impacted by this. The Council will continue to lobby Government on the increased costs of sparsity and rurality as it affects many of our services.
- 3.86 For SEND Transport the increase is related to the increasing number of children receiving an Education Health Care Plan, increasingly complex needs, with more students requiring bespoke individual transport.
- 3.87 The estimated pressure for younger adults transitioning from Children's Social Care support at 18 years reflects the increased number of children requiring support and the increased costs of providing this support. The residential and nursing pressure for younger adults is primarily those with learning and physical disabilities. Support for complex individuals can be significant and sufficiency of suitable placements is a national concern. Health partners contribute to the support and work is ongoing to ensure all relevant contributions are received.
- 3.88 The estimated pressure in homecare costs and the increased cost for those being supported through a supported living service has increased. Through the pandemic individuals were supported at home rather than attending day service

provision and this has continued as the preference and independent living choice for many.

- 3.89 The estimated pressure for supported accommodation is due to an increase in enhanced housing benefit that the Council is unable to fully reclaim from the Department for Work and Pensions.
- 3.90 In respect of the building maintenance compliance, it is essential that all Council assets adhere to health and safety requirements and legislative compliance. Assurance work across all of the Council’s assets is ongoing to ensure that legacy approaches and monitoring of building maintenance is standardised and, as new legislation comes into effect, this increase to the budget will ensure compliance is maintained.
- 3.91 For Ash Dieback there is a risk that an increasing number of trees each year will require to be felled because of the disease and additional inspection will be required.
- 3.92 Across the community infrastructure services, particularly in leisure services, the increasing cost pressures around energy use have been identified and it is expected that these pressures may continue into 2024/25 and future years.
- 3.93 The Coronation Hall in Ulverston returned to the Council from the 1 January 2024. The Coronation Hall is a vital cultural and arts venue and an accessible community centred building. Officers are preparing a detailed operational model and business case for the ongoing operation of Coronation Hall and the business case will consider the required capital investment in the facility to enhance the user experience and improve the long-term sustainability and viability of the venue.
- 3.94 The external audit fee has significantly increased following the 2023 procurement exercise carried out by Public Sector Audit Appointments. The increase in the fee reflects the volume of work required to deliver audits compliant with the requirements of the Code of Practice, and audit market supply rates.
- 3.95 The Coroner’s Service, which is a shared service with Cumberland Council, has increased staffing costs and inflation pressure on pay and contracted services.
- 3.96 For the Assistant Chief Executive budget there is an additional pressure which relates to additional budget to fund external communications.
- 3.97 The proposed budget pressures are set out in Table 6.

Table 6 – Budget Pressures

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Pay and Inflation pressures					
Pay award estimated Inflation (increase from 2% to 4%)	2.500	2.500	2.500	2.500	2.500

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
22/23 pay award adjustment – permanent	1.500	1.500	1.500	1.500	1.500
Pay award risk allowance (1%)	-	1.250	1.250	1.250	1.250
LGPS triennial valuation risk	-	-	1.000	1.000	1.000
Demographic growth – risk allowance	-	0.130	0.260	0.410	0.560
General Inflation –risk allowance	-	0.500	1.500	2.500	2.500
NI adjustment –permanent	0.130	0.130	0.130	0.130	0.130
Service Pressures					
Adult social care (Younger adults transition)	0.400	0.670	0.670	0.670	0.670
Adult Services - Home care and Supported living – demand increase	0.550	0.550	0.550	0.550	0.550
Childrens - Home to School Transport (net pressure)	1.440	1.080	1.080	1.080	1.080
Childrens SEND Transport (net pressure)	0.560	0.420	0.420	0.420	0.420
Resources - Supported accommodation – housing benefit subsidy costs	0.391	0.400	0.400	0.400	0.400
Resources - Building Maintenance compliance across all Council assets	0.828	0.828	0.828	0.828	0.828
Thriving Places - Ash Dieback	0.250	0.250	0.250	0.250	0.250
Thriving Communities - Community Infrastructure (leisure) additional inflation pressures	0.700	0.500	0.250	0.250	0.250
Thriving Communities - Coronation Hall (24/25 support to enable full business case for future delivery to be completed)	0.435	-	-	-	-
Resources - External audit fees	0.500	0.500	0.500	0.500	0.500
Enabler services - Coroner's Service	0.300	0.400	0.400	0.400	0.400
Assistant Chief Exec – External Communications	0.100	0.100	0.100	0.100	0.100
Budget Pressures	10.584	11.708	13.588	14.738	14.888

3.98 Mitigations are being developed and actioned to manage these pressures. Some of these are through the Improvement and Integration programme and some are through directorate service planning.

LGR Disaggregation Pressures

3.99 Following Local Government Reorganisation (LGR) at the 1 April 2023, 38 services remained shared between both Cumberland and Westmorland and Furness. They are managed and financed through an Inter Authority Agreement. Six services have already disaggregated during 2023/24 and 7 more are planned to disaggregate by the 1 April 2024.

3.100 The disaggregation of these shared services can result in additional costs or direct savings to both Councils, depending on the arrangements. Challenges around how the disaggregated services can be delivered differently have been made but in some instances, there is a need to resource the additional capacity needed in the Council. Table 7 shows the additional LGR pressures that are

proposed to be included within the 2024/25 budget and Medium Term Financial Plan.

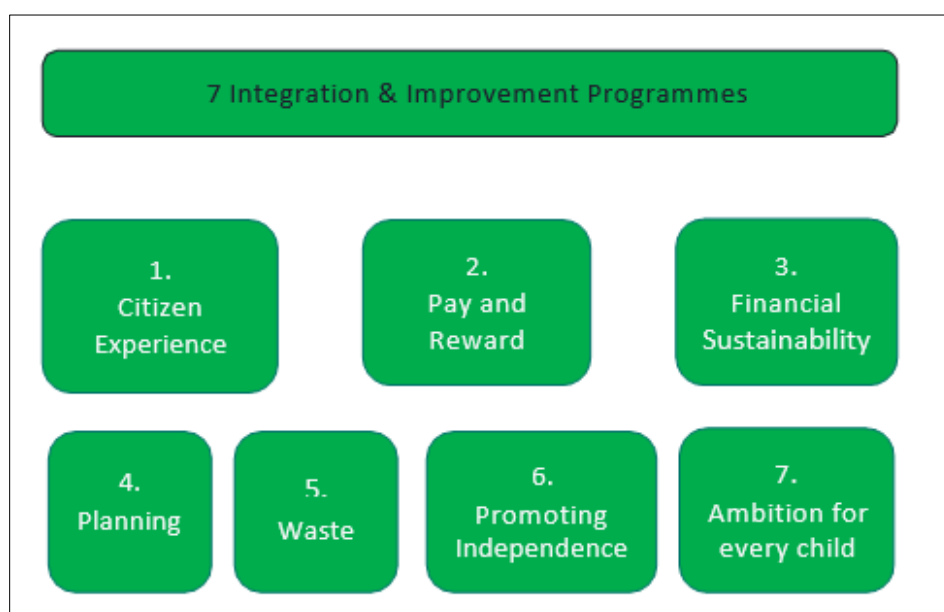
Table 7 – Disaggregation Pressures

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Flood & Coastal Risk Management	0.100	0.100	0.100	0.100	0.100
Trading Standards	0.076	0.076	0.076	0.076	0.076
Children’s Emergency Duty Team	0.150	(0.100)	(0.100)	(0.100)	(0.100)
HR & OD and Health and Safety	0.135	0.135	0.135	0.135	0.135
Customer & Digital	0.586	0.386	0.297	0.297	0.297
Legal & Democratic	0.170	0.170	0.170	0.170	0.170
Commissioning & Procurement	0.109	0.109	0.109	0.109	0.109
Disaggregation Pressures	1.326	0.876	0.787	0.787	0.787

Investment in Our Future - Council Plan Priorities & Delivery Framework

- 3.101 To develop the Westmorland & Furness budget to support delivery of the Council Plan priorities and Delivery Framework missions the proposal is that investment is supported in a number of areas.
- 3.102 During 2023/24 the Council invested in £5.000m of priority investment fund activities. They were one off investments, funded from the agreed capitalisation directive from the Department for Levelling Up, Housing and Communities. As part of the 2024/25 budget some of these schemes are proposed to be continued. Others have been updated to reflect more permanent investment in specific areas.
- 3.103 During 2023/24 an Integration & Improvement Programme of change was established. This included seven key areas, shown in Diagram 1.

Diagram 1 – Integration & Improvement Programmes



- 3.104 Investment to support these change programmes have been identified as:

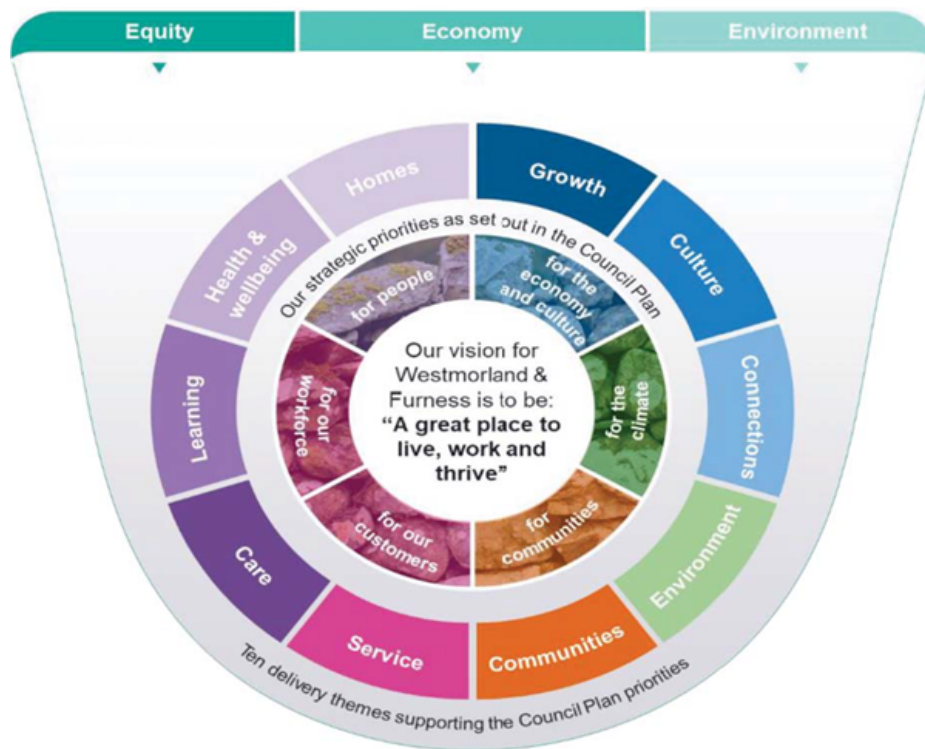
- Pay & Reward – temporary additional capacity and support of the Pay & Reward review and permanent ongoing capacity within the Pay & Reward team.
- Local Plan – budget for 2024/25 to 2026/27 to prepare the Westmorland & Furness Local Plan which is a key tool in changing places, and this is a statutory requirement.
- Customer & Digital (Citizen Experience) – permanent additional capacity within Customer Services and includes intelligent automation capacity.

3.105 The other Integration & Improvement Programmes continue to progress:

- Citizen Experience – development of the community power model; face to face citizen experience improvements; customer and digital baseline and identification of the different options for integrating customer relationship systems and processes; development of the operating model framework.
- Waste – options appraisal of the waste collection services across the three legacy authority areas with a view to integrate into one effective and efficient service.
- Promoting Independence – short-term programme to enable changed and improved data management and performance management and to prepare for the earliest of the fundamental requirements expected of the Council in the CQC Assurance process.
- Ambition for Every Child - redesign the Early Help system; deliver the SEND Continuous Improvement Plan and Accelerated Progress Plan with partners; deliver the Children’s Social Care Improvement and Development Plan; secure improved performance in education outcomes, attendance, and inclusion; transform Home to School Transport.

3.106 The ten missions established in the Council Plan Delivery Framework are shown in Diagram 2.

Diagram 2 – Delivery Framework



3.107 The areas of continued investment to support the Delivery Framework missions are:

- Climate and natural environment – permanent investment in the team to deliver on this Council priority.
- Inclusive and Green Growth – permanent additional capacity for Development Management with specific focus on specialist areas such as conservation and enforcement.
- Climate and natural environment - project work for land assessment outcomes Phase 2 for Barrow and South Lakeland as part of the environment priority.
- Economic Regeneration & Development Staffing – permanent investment in the team to deliver on the Growth priority.
- Economic Development Strategy – a strategy specifically for the Westmorland & Furness area to support the Growth priority.
- Housing Delivery Growth – permanent investment in the Inclusive and Green Growth team specifically to support the Homes priority.
- Private Sector Housing – permanent investment in the Housing team to support affordable housing, and regulation of private sector housing, as part of the Homes priority.
- Bus Travel Bursary – permanent investment in bus travel to support the Connections priority.
- Bus Subsidies – permanent investment in bus services to support the Connections priority.
- Rights of Way Team – permanent investment in the Rights of Way team to support the Connections priority.
- Rights of Way Agreements – permanent investment in the Rights of Way with the National Parks to support the Connections priority.

- Community Power – permanent investment into Community Development supporting the development of social enterprises and community entrepreneurialism. In addition to working with the Voluntary, Community, Faith and Social Enterprise sector and services to develop new models and ways of working to help prevent, reduce or delay need for formal services.
- Community Safety – permanent investment in the Community Safety Partnership to enable delivery of activities identified through Strategic Assessment.
- Community Planning by Locality Boards – additional funding for each Locality Board (£0.100m each for 2024/25 only).

3.108 There are two direct investments to support future feasibility work to develop schemes both for the capital programme and to deliver on the Carbon Management Strategy. These are:

- Capital Programme feasibility – it is recognised that to develop potential future invest to save capital programme schemes feasibility work is required. This requires a revenue budget and often can be used to match fund against Government grants to support business case delivery.
- Carbon Management feasibility – the Carbon Management Strategy was presented to Cabinet in January 2024. Although the full cost of delivering the Strategy is not yet available, there will be a requirement to undertake feasibility on different interventions to deliver on the ambition of the strategy. Capital investment will also be required but this investment provides a revenue budget to develop business cases and pilot interventions.

3.109 The investment proposals are shown in Table 8.

Table 8 – Investment Proposals

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Change Programme - Integration & Improvement:					
Pay & Reward -	0.340	0.820	0.620	0.300	0.300
Local Plan	0.750	0.795	0.465	0.000	0.000
Customer & Digital (Citizen Experience)	0.721	0.721	0.721	0.721	0.721
Change Programme - Delivery Framework:					
Climate & Natural Environment Staffing	0.446	0.650	0.650	0.650	0.650
Inclusive & Green Growth Staffing	0.600	0.600	0.600	0.600	0.600
Land Assessment Outcomes Project	0.150	0.150	0.000	0.000	0.000
Economic Regeneration & Development Staffing	0.050	0.200	0.200	0.200	0.200
Economic Development Strategy	0.050	0.000	0.000	0.000	0.000
Housing Delivery Growth	0.050	0.050	0.050	0.050	0.050
Private Sector Housing	0.175	0.350	0.350	0.350	0.350
Bus Travel Bursary	0.300	0.300	0.300	0.300	0.300
Bus Subsidies	0.500	0.500	0.500	0.500	0.500
Rights of Way Team	0.200	0.200	0.200	0.200	0.200
Rights of Way Agreements	0.200	0.200	0.200	0.200	0.200
Community Power	0.800	1.000	1.000	1.000	1.000
Community Safety	0.200	0.180	0.150	0.150	0.150

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Community Planning (Locality Boards)	0.300	0.000	0.000	0.000	0.000
Change Programme – Feasibility work					
Capital Project Feasibility Fund	0.406	0.500	0.500	0.500	0.500
Decarbonisation Feasibility Fund	0.421	0.071	0.071	0.071	0.071
Total Investment	6.659	7.287	6.577	5.792	5.792

3.110 To support the investment activities there has been a recognition that in a new Council that is still working with significant legacy systems, processes, and cultures there is a need to invest in additional staff capacity particularly across the enabler and resources services. It is evident that some services have been under resourced and there is a risk that these services become a bottleneck to delivery of services, investment and change. Permanent increases in capacity will improve performance and delivery of the Council.

3.111 A key priority in the Council's Delivery Framework is the development of an Empty Homes Strategy. As of September 2023, there are approximately 2,925 properties that have been empty for a period longer than 6 months across Westmorland & Furness. The Private Sector Housing Team are under-resourced and need additional capacity to deliver on regulation of the private sector including new damp and mould standards, regulation of Houses in Multiple Occupation and also bringing empty homes back into use to assist with the supply of affordable housing. The investment will allow the recruitment of staff within the team to deliver on this key priority.

3.112 The capacity pressures are shown in Table 9.

Table 9 – Capacity Pressures

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Strengthened Programme Management Office	0.436	0.587	0.587	0.587	0.587
Strengthened Performance & Data	0.268	0.485	0.485	0.485	0.485
ICT	0.100	0.700	0.700	0.700	0.700
HR & OD (including Health & Safety)	1.154	1.154	1.154	1.154	1.154
Legal & Democratic	0.306	0.540	0.500	0.500	0.500
Customer & Digital capacity	0.050	0.100	0.100	0.100	0.100
Commissioning & Procurement	0.177	0.352	0.352	0.352	0.352
Lake Warden Team	0.050	0.100	0.100	0.100	0.100
Homelessness staff (statutory service)	0.068	0.135	0.135	0.135	0.135
Registration Service	0.150	-	-	-	-

Children's Services Staffing	0.925	0.945	0.945	0.945	0.945
Capacity Pressures	3.684	5.098	5.058	5.058	5.058

Change programme – Invest to Save

3.113 Recognising that the Council is ambitious in its agenda for change a further £5.800m has been identified to support the overall programme. The previous Medium Term Financial Plan had proposed a £5.000m transformation fund for 2024/25 but this has been utilised for specific investments as proposed in Table 8 above. The profile of spend is estimated as £3.000m in 2024/25 and £2.800m in 2025/26 but this will dependent upon business cases for invest to save activities being approved. The funding is from a specific earmarked reserve that will be established in 2023/24 from the one off dividend received from Cumbria County Holdings Ltd.

Fees and Charges

3.114 Income from fees and charges represents an important source of funds to the Council and enables a range of services to be provided within the area and beyond.

3.115 As per the Fees & Charges Policy agreed by Council in March 2023 it is proposed that discretionary fees and charges are increased by inflation. The September 2023 CPI figure is 6.7% and this has been applied to the discretionary fees and charges to reflect the inflationary cost pressures that services are facing. For practical reasons, fees and charges are rounded after inflation is applied.

3.116 Various fees and charges are not being increased from 1 April 2024 due to the need to rebase the full cost recovery position or harmonisation of the service is incomplete. These will be reviewed in 2025/26.

3.117 There are a small number of exceptions to the policy:

- Spare seats increased by 30%.
- Building Control inspection fees increased for chimney linings (150%) and stove installations (183%) to encourage use of the Heating Equipment Testing and Approvals Scheme.

3.118 In respect of the spare seat policy the 30% increase proposed reflects the need to charge based on actual cost incurred. This income supports the savings associated with the significant home to school transport budget pressure.

3.119 The Building Control inspection fee for chimney linings and stove installations have increased significantly as part of a national approach to deter installation of fossil fuel stoves.

3.120 Lakes Administration Committee approved a 10% increase on fees for 2024/25 incorporating the 6.7% increase for 24/25 and the below inflationary increase for 2023/24. A review of the fees and charges approach and overall budget for the Lake will take place in 2024/25.

- 3.121 Provider Uplifts: the social care market continues to face significant challenges due to the availability and resilience of their workforce. All providers have seen increasing cost pressures relating to staff and operational costs as a direct impact of inflationary pressures in the economy. The Council recognises this and seeks to continue to support the market in the delivery of care.
- 3.122 During 2023/24 Westmorland & Furness Council increased the rates payable to residential care providers in-year in recognition of the increasing cost pressures they faced. This was done with effect from 1 September 2023 for Dementia care bandings and all residential and nursing care bandings from 1 January 2024.
- 3.123 The proposed uplift for 2024/25 has been calculated as a combination of the increase in the Living Wage Foundation (LWF) pay increase and the CPI increase. The proposed uplift is 9.4%, and this will help providers to pay staff in line with LWF to improve recruitment and retention in the section. It is proposed that a higher uplift is proposed for Dementia care at 14.9%. This reflects the additional challenges in market provision for this type of care.
- 3.124 Table 10 shows the independent sector residential care fee rates.

Table 10 - Independent Sector Residential Care Fee rates

New Care Bandings	2023/24 Fee rates (excl. nursing costs)	2024/25 Proposed new banding rate	Increase	
			£	%
Residential	£688.10	£752.85	64.75	9.4
Physically Frail – residential and nursing	£777.28	£850.42	73.14	9.4
Residential dementia	£821.31	£943.11	121.80	14.9
Nursing dementia	£851.06	£978.13	127.07	14.9

- 3.125 Where the Council does not contribute to the cost of care for the people we place in the independent sector (i.e., full fee payers) they will be charged the cost as referred to in Table 10 from the 2 April 2024. Where a different need determines a separate individual cost then the full cost will be charged.
- 3.126 For Care Services - Westmorland & Furness residential costs, it is proposed that an uplift consistent with the uplift for Independent Providers is included for 2024/25. This would result in the cost for the different bandings of care within Care Services - Westmorland & Furness as shown in Table 11. Unlike the Independent Sector, Care Services - Westmorland & Furness do not provide nursing dementia care.

Table 11 - Care Services - Westmorland and Furness Fee Rates

Care Services – Westmorland & Furness Fee Rates	2023/24 Fee rates	2024/25 Proposed fee rates	Increase	
			£	%
Residential Standard	£754.95	£825.99	71.04	9.4
Physically Frail	£801.15	£876.54	75.39	9.4

Care Services – Westmorland & Furness Fee Rates	2023/24 Fee rates	2024/25 Proposed fee rates	Increase	
Residential dementia	£876.75	£1,007.21	130.46	14.9

3.127 There are also some fees and charges that are changing for other reasons, such as the statutory increase on planning fees and the income that will be generated from the Councils new solar farm. The projected additional income from fees and charges in total is shown in Table 12.

Table 12 – Income from Fees & Charges

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Fees and Charges (Care services)	(1.550)	(1.550)	(1.550)	(1.550)	(1.550)
Solar Farm	(0.300)	(0.350)	(0.400)	(0.400)	(0.400)
Fees & Charges (Non Care)	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Total Income	(2.850)	(2.900)	(2.950)	(2.950)	(2.950)

Balancing the budget

3.128 To achieve a balanced budget for 2024/25 in such uncertain times the Council officers have develop saving proposals and maximised financing opportunities within prudent assumptions.

3.129 The saving proposals are a combination of technical savings, maximising funding opportunities and efficiency savings within services. The savings do not impact frontline services.

3.130 The savings proposed are principally concerned with the following areas:

- A review of treasury management and capital financing assumptions, including the continued use of internal cash balances to fund approved borrowing resulting in cash savings from delayed external borrowing.
- Applying existing policies and procedures to review high balances on individual direct payment accounts with a view to recovering these where appropriate and a focus on a reduction in related aged debt.
- Savings from service improvements and efficiencies.
- Reviewing the assets held by the Council, exploring opportunities for decarbonisation and rationalisation.

3.131 The proposals are summarised in Table 13.

Table 13 – Savings

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Technical Savings:					
Parish Council Tax Support Grant	-	(0.109)	(0.109)	(0.109)	(0.109)
Treasury Management	(5.500)	(2.300)	(2.300)	(2.300)	(2.300)
Direct Payments Clawback	(0.500)	-	-	-	-
Remove Contribution to Earmarked Reserve	(0.508)	(0.508)	(0.508)	(0.508)	(0.508)

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Total Technical Savings	(6.508)	(2.917)	(2.917)	(2.917)	(2.917)
Service Efficiencies and Improvements:					
Adult Social Care – service improvements and delivery of integrated care	(1.775)	(2.225)	(2.225)	(2.225)	(2.225)
Community Equipment service – additional income	(0.400)	(0.400)	(0.400)	(0.400)	(0.400)
Additional Health contributions	(0.750)	-	-	-	-
Childrens Services – savings	(0.159)	(0.309)	(0.309)	(0.309)	(0.309)
Thriving Communities - savings	(0.215)	(0.215)	(0.253)	(0.253)	(0.253)
Waste Service – savings	(0.180)	(0.180)	(0.180)	(0.180)	(0.180)
Total Savings from Service Improvements	(3.479)	(3.329)	(3.367)	(3.367)	(3.367)
Unitary Council Efficiencies:					
Asset Rationalisation	(0.350)	(0.500)	(0.500)	(0.500)	(0.500)
Legacy Finance Systems Rationalisation	-	(0.050)	(0.493)	(0.493)	(0.493)
Total Unitary Council Efficiencies	(0.350)	(0.550)	(0.993)	(0.993)	(0.993)
Total Savings	(10.337)	(6.796)	(7.277)	(7.277)	(7.277)

3.132 The proposed use of reserves is shown in Table 14.

Table 14 – Use of Reserves

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
One-off Earmarked Reserves	(7.756)	(2.800)	-	-	-
Reduction in General Fund Balance	(2.500)	-	-	-	-
Total Reserves	(10.256)	(2.800)	0.000	0.000	0.000

Highways and Transport Strategic Board

3.133 Westmorland & Furness Council have established a Highways and Transport Strategic Board as a sub-committee of Cabinet. The terms of reference make clear the responsibilities of the Board and that includes agreeing and keeping under review the implementation of the rolling three-year strategic programme for highways and transport (revenue and capital) and the one-year delivery plan.

3.134 The Strategic Highways and Transport Committee budget consists of £1.386m revenue and £21.937m (£19.590m Highways block funding plus £2.347m Network North funding) capital subject to agreement by Council of the overall budget. In addition, £2.000m of highways revenue funding is allocated to Locality Boards; the detail of this is described below.

Locality Board Budgets

3.135 The budget allocations are approved by Cabinet and presented to full Council as part of the overall budget setting process for 2024/25. The total revenue allocation is £2.868m (£2.568m + £0.300m additional for 24/25 only). The proposed split of the allocations and guidance on their use is set out below and in more detail in **Appendix 3**.

- 3.136 The General budget can be used for community grants whilst the 0-19 budget is available to be allocated to support positive activities, both targeted and mainstream, within the Locality Board area which are designed to improve outcomes for children and young people and reduce inequalities.
- 3.137 The £2.000m highways revenue budget exists to deliver locality highways schemes. It has been allocated across the three Locality Boards based on 80% population and 20% road length.
- 3.138 These schemes could include street lighting, drainage clearing, traffic calming, sign cleaning and white line painting. Locality Boards may set their own programme of maintenance provided it provides a safe and reliable highway network including lighting infrastructure. It is recommended that a programme of work is set at the start of the financial year. The budget must be spent on highways activities and not vired to other Locality Board budgets but can be supplemented by other budgets.
- 3.139 For 2024/25 it is proposed that an additional budget of £0.100m per Locality Board is delegated to support community planning in the locality areas. This is funded from one off reserves.
- 3.140 As part of establishing Locality Boards, it was agreed that a review would be undertaken in year 2 (2024/25). Whilst this review is still to be fully scoped; it is proposed that it will have three broad areas of focus:
- how the Locality Boards have functioned during year one,
 - review the appropriateness of existing boundaries,
 - explore the remit of the Locality Boards and whether this could be extended.
- 3.141 The review will be fully scoped early in the new Council year, working closely with Members. The review itself will then be carried out over the summer, with findings and potential options for consideration being put forward during the autumn.
- 3.142 Decisions about future levels of delegated budgets will form part of the review.

Dedicated Schools Grant

- 3.143 The Dedicated Schools Grant (DSG) is intended to meet the educational costs of pupils in primary and secondary education, as well as the educational costs of special educational provision for children and young people with SEN in post-16 provision, including those aged over 19 and up to 25 who have an Education, Health & Care plan (EHCP).
- 3.144 The DSG cannot be used for purposes other than those specified in the conditions of grant and regulations. The DSG is divided into 4 notional blocks as shown in Table 15 and each of the 4 blocks of the DSG is determined by a separate National Funding Formula.

Table 15 – Summary of DSG Budget 2024/25

	Schools Block	Central Schools Services Block	High Needs Block	Early Years Block	Total DSG 2024/25	Total DSG 2023/24 (as at January 2024)
	£m	£m	£m	£m	£m	£m
Total DSG	163.782	1.608	28.747	21.384	215.521	198.015
Less Transfer to Academies/Other EFSA funded providers	78.811	-	1.696	-	80.507	75.227
DSG Allocation Westmorland & Furness	84.971	1.608	27.051	21.384	135.014	122.788

Schools Block

- 3.145 Schools' expenditure is funded from the Dedicated Schools Grant (DSG). The 2024/25 provisional Schools' Funding Settlement was announced on 20 December 2023, which gave a provisional figure for DSG of £215.521m for Westmorland & Furness for 2024/25; £80.507m of this is paid directly transferred to Academies, free schools and other providers by ESFA resulting in a net £135.014m being included in the Council's net budget.
- 3.146 For Schools, £84.971m is estimated to be for Council Maintained schools with £80.507m for Academies, Free Schools and Further Education Colleges (based on school pupil numbers at October 2023).

Central Schools Services Block

This block covers funding allocated to local authorities to carry out central functions on behalf of pupils in maintained schools and academies. The funding consists of 2 elements: funding for ongoing responsibilities and funding for historic commitments.

High Needs Block

- 3.147 The High Needs block funding supports provision for pupils and students with SEND who require additional resources to participate in education and learning, from their early years to age 25 in schools and colleges (excluding students aged 19–25 who do not have an EHCP). The allocation, before academy recoupment, is £0.894m higher than in 2023/24. The Council has a forecast cumulative high needs deficit as at Quarter 2 2023/24 of £18.8m. High Needs Block deficits are an issue nationally which DfE is addressing through the Safety Valve and Delivering Better Value in SEND programmes. The Council is part of the Delivering Better Value in SEND programme with a grant of £1m over 2 years to develop strategies for managing the deficit in future.
- 3.148 The Government confirmed that they have extended the DSG statutory override until March 2026 because of the National issues in respect of the High Needs deficit positions. DfE guidance states that "DSG is a ring-fenced specific grant separate from general funding of local authorities and that any deficit an authority may have on its DSG account is expected to be carried forward to the next years' DSG budget and does not require to be covered by the authority's general reserves.

Early Years Block

- 3.149 The Early Years block funds free entitlement to early years provision for parents of 3-4 year olds and parents of disadvantaged 2 year olds. The free entitlement is being extended in phases such that all working parents of children aged 9 months and up will be entitled to 30 hours free provision per week by 2025. Because of the extension of free entitlement the Early Years block allocation has increased by £8.428m to £21.384m in 2024/25.

Local Government Pension Scheme – Employer Contribution Rates

- 3.150 The service employer contribution rate, in respect of staff who are members of the Cumbria Local Government Pension Scheme, for 2023/24 is 18.4%.
- 3.151 The last triennial actuarial valuation of the Cumbria Local Government Pension Scheme (“the Cumbria Pension Fund” or “the Fund”) calculated that the funding position (i.e., the percentage of the liabilities of the Fund that are covered by Fund’s assets) of the Cumbria Pension Fund increased from 98.9% (at March 2019) to 110% as at 31 March 2022. The improved funding position is primarily due to the investment performance of the Fund’s assets over this period.
- 3.152 Each employer within the Fund has its own individual valuation position and therefore its own specific employer contribution rate. This ensures every employer within the Fund is accountable for any decisions it takes in relation to its pension liabilities such as redundancy programmes. In setting employer contribution rates into the Local Government Pension Scheme, the Actuary and the Fund must have regard to two fundamental principles:
- The requirement for contributions rates to be sufficient to secure the Fund’s solvency within an appropriate deficit recovery period, and
 - The desirability of employer contribution rates remaining as stable as possible.
- 3.153 The Actuary has calculated that the valuation position for Westmorland & Furness Council was 111% as at 31st March 2022. As such, the Council’s contribution rate payable for the period between 1 April 2023 and 31 March 2026 includes a prudent surplus refund amount.
- 3.154 The next LGPS valuation will be at the 31 March 2025 and although the Fund is in surplus as at 31 March 2023 it is prudent to assume that the employer contribution rate could increase. For that reason, a £1m risk allowance has been included in the budget for 2026/27 onwards.

Housing Revenue Account

- 3.155 The Housing Revenue Account is a separate ring-fenced account that holds the income and expenditure needed to manage the Council-owned social housing stock of some 2,500 properties. The Council has a duty to prevent a debit balance on the Housing Revenue Account; to determine the income for the year; and to determine the expenditure for the year in respect of repair,

maintenance, management, and meeting the interest cost of monies borrowed to pay for investment in the housing stock.

- 3.156 The budget proposed for 2024/25 is balanced and consists of £12.017m income and £12.650m expenditure, with a contribution from the Housing Revenue Account earmarked reserve of £0.633m as shown at **Appendix 4**.
- 3.157 The income is primarily drawn from dwelling rents which reflect the stock being social housing. A formula rent is used and for 2023/24 Government have set a ceiling of 7.7% for social housing rent increases. It is proposed that the dwelling rent is increased by 3.5% for 2024/25; this is lower than the formula ceiling in recognition of the cost of living crisis but balanced against the need to drawdown from the earmarked reserve and ongoing cost pressures. The average rent charged (over 48 weeks) would increase by £3.10 per week, from £88.56 to £91.66 per chargeable week.
- 3.158 It is also proposed that the Housing Revenue Account garage rents increase by the same 3.5% for 2024/25 with the highest charge increased by £0.40 per week, from £11.30 to £11.70 per chargeable week.

Summary – Net Revenue Budget

- 3.159 Overall, a balanced budget position is presented for 2024/25 and the Council is delivering the budget without any additional financial support from Government. There is a budget gap in future years with 2025/26 at £12.516m as shown in Table 16.
- 3.160 The reduction in savings required in 2026/27 reflect the fact that some of the original LGR pressures in last year’s budget setting process were included for three years. These will be reviewed during 2024/25.

Table 16 – Future Savings Required

Savings to identify	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
2024/25	0.000	0.000	0.000	0.000	0.000
2025/26		12.516	12.516	12.516	12.516
2026/27			(3.502)	(3.502)	(3.502)
2027/28				(1.164)	(1.164)
2028/29					0.877
Total savings	0.000	12.516	9.014	7.850	8.727

- 3.161 The Council will need to continue to work differently and drive through the efficiencies of becoming a new unitary council as well as investing to save through a portfolio of change programmes designed to deliver on the Council Plan priorities. The 2025/26 budget gap is challenging and work will continue throughout the rest of 2023/24 and 2024/25 to identify permanent savings to ensure financial sustainability is achieved.
- 3.162 The Financial Sustainability Board will monitor financial benefits that will be delivered through the change programmes and the savings proposed in the 2024/25 budget. It will also report on any in year efficiencies that can be delivered from ongoing improvement and integration activities.

- 3.163 The Council will continue to work towards being more efficient, being financially sustainable and harnessing technology and developing its operating model to improve services. The Council will also continue to focus on supporting individuals and communities to thrive and be independent wherever possible.
- 3.164 The Council has set out in a meaningful and concise way, how we are changing our delivery; shown in Diagram 3. Overall, we are aiming to harness the benefits of becoming a new Unitary Council bringing a combination of budgets, processes and cultures together into one cohesive and high functioning Council that delivers in collaboration with its partners and communities a great place to live work and thrive.

Diagram 3 – Delivery Methodology

Community	Our residents are at the heart of all we do. Building locality, community and neighbourhood models that enable thriving communities. The lens through which we work. Invest in preventative activities – community power and promoting independence
Delivery	A high performing and ambitious Council. Focus on making things happen and getting the basics right. Delivering impact and benefit for our communities. We will aim high and celebrate our successes. An award winning Council. Learn from the best. Outcome focused.
Collaboration	Together we are Westmorland and Furness. We need to harness all the resources we can. Internally and externally we will build strong relationships and partnerships to reimagine public service and drive change. Social value, Anchor organisations, Team Barrow
Our Values	Living our cultures and behaviours will ultimately enable our success.

- 3.165 To make the Council’s vision a reality for everyone requires an approach underpinned by our three sustainability principles of equity, economy, and environment:
- Equity - We know that there is a need to address any inequalities, especially those resulting from poverty and rural sparsity. We will focus on the wider determinants that drive those inequalities in a way that is fair and equitable.
 - Economy - We know that we need to increase our productivity and improve educational outcomes, broaden and increase our skills base. We will support sustainable and inclusive growth which benefits our diverse population whilst protecting the environment.
 - Environment - As a new Council we recognise our environmental responsibilities, including taking action on climate change and biodiversity loss. We will seek to redress damage and protect our environment for the long term.

Annual Treasury Management Strategy

- 3.166 The CIPFA Treasury Management Code and Prudential Code require that local authorities determine their Treasury Strategy and Prudential Indicators on an annual basis in advance of the new financial year. The Annual Treasury Management Strategy Statement 2024/25 is at **Appendix 5**.

- 3.167 The Treasury Management Strategy details the estimated value and rates at which borrowing may be undertaken to finance current and future capital spend. The main objective is to manage risk effectively while minimising interest costs. The value of the Capital Programme and how it is financed i.e., long term borrowing; revenue financing; grants; etc. is therefore intrinsically linked. As such borrowing strategies are dependent on the decisions made about the revenue and capital budgets and the two should be considered together.
- 3.168 The Annual Investment Strategy sets out the policies which govern the management of the Council's investments. The Council's investment strategy is risk averse with security and liquidity of cash assets taking precedence over returns. To do this the Council uses a prescriptive list of counterparties with whom new investments can be placed. Money is placed across a range of the highest rated counterparties possible to maximise security.
- 3.169 The Council's Capital Plans and Prudential Indicators comply with the Prudential Code that requires the Council to assess its capital investment plans and ensure they are affordable, prudent, and sustainable. This is substantiated by the production of a range of prudential indicators, which cover capital investment and treasury management plans for the forthcoming three years.
- 3.170 The final element is the Minimum Revenue Provision Policy Statement which sets out how the Council will pay for the financing of capital assets by way of an annual charge to the revenue budget, hence the reason that approval of the annual budget must be considered in tandem to the Treasury Management Strategy and MRP Policy Statement.

Pay Policy Statement

- 3.171 Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. The Pay Policy Statement sets out the Westmorland & Furness Council pay policy in accordance with the requirements of the Localism Act 2011.
- 3.172 The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding staff working in local authority schools) by identifying:
- the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior employees i.e., 'chief officers', as defined by the relevant legislation;
 - the Committee or Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council.
- 3.173 **Appendix 6** sets out the Pay Policy Statement for 2024/25.

4. Capital Programme

- 4.1 Council is asked to approve the revised 2023/24 Capital Budget of £75.653m and the proposed Capital Programme for 2024-2029. Overall, across all six financial years the Capital Programme totals £499.946m.

- 4.2 This includes for the period 2024/25 – 2028/29 £19m of investment for prioritised maintenance of our schools and £30m for other buildings, £100m maintenance of our Highways with an additional estimated £70m from the Network North funding announced recently. There is also £9m of HRA planned maintenance, £10.4m for decarbonisation projects and £24.5m for the Marina Village Phase 2 schemes plus many smaller schemes.
- 4.3 This programme covers a six-year Capital Programme for Westmorland & Furness Council, the development of which is an incremental process throughout the year. This allows schemes to be approved on a quarterly basis as individual business cases are approved by Cabinet for recommendation to Council for inclusion in the Capital Programme.
- 4.4 Capital investment shapes the future, it can act as a catalyst and enabler for change. It can also act as an important driver for economic growth - stimulating regeneration and construction and improving the quality of life for our residents.
- 4.5 With a challenging financial environment for the foreseeable future, it will be important to focus the Council's limited capital resources on strategic priorities and those projects which generate a return on investment. The returns will allow the Council to reinvest in services for the future.
- 4.6 The Council is committed to meeting the challenges of the Climate Emergency by reducing its carbon footprint and to supporting the development and implementation of projects that promote climate change mitigation and sustainability. The Capital Programme will be updated as projects come forward. It is expected that these projects will be self-financing or financed from external sources.
- 4.7 There are additional significant pending Capital Programme schemes that will require further review and business cases to be developed prior to being approved by Cabinet and recommended to Council for inclusion in the Capital Programme. Such schemes may include but are not limited to:
- Additional Solar Farms
 - Strategic Review of Fleet (including Waste)
 - Windermere Ferry Replacement
 - Ulverston Leisure Centre
 - SEND – Pupil Referral Unit's replacement programme
 - Children's sufficiency schemes
- 4.8 £145.027m of new schemes or additions to existing schemes are proposed to for inclusion in the capital programme 2023-2029 as shown in Table 17.

Table 17 – New Capital Schemes & Additions

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2024-29 £m
Schools – Prioritised Capital Maintenance	-	1.166	1.166	1.166	1.166	1.781	6.445
Corporate Properties Planned Maintenance	-	4.506	4.506	4.506	4.506	5.946	23.970
Fleet Renewal Programme	-	0.226	0.897	0.595	0.595	2.000	4.313
Decarbonisation Projects	-	2.000	2.000	2.000	2.000	2.000	10.000

Network North – Highways funding	2.347	2.347	16.900	16.900	16.900	16.900	72.294
Marina Village Phase 2	0.250	7.650	16.900	-	-	-	24.800
LEVI Infrastructure Fund	-	1.454	1.751	0.000	0.000	0.000	3.205
Total	2.597	19.349	44.120	25.167	25.167	28.627	145.027

- 4.9 A rebasing exercise for the Schools Prioritised Capital Maintenance Programme was completed in 2023/24. This exercise used condition survey data to determine that local authority, maintained schools require a minimum of c£4.3m per annum to deliver a safe, wind and watertight standard. In addition to the Schools Condition Allowance and current funding from the Council, a further investment of c£6.4m is required from 2024-2029.
- 4.10 A rebasing exercise for the Corporate Properties Planned Maintenance Programme was also completed in 2023/24. This exercise used condition survey data to determine that the amalgamated property assets from the legacy authorities require c£5.9m per annum to deliver a safe, wind and watertight standard. In addition to the current funding from the Council, a further investment of c£24.0m is required from 2024-2029.
- 4.11 A review of amalgamated fleet of vehicles from the legacy authorities determined that a significant proportion of the fleet are beyond their expected life and therefore require higher levels of revenue funded annual maintenance. A further investment of c£10.3m from 2024-2029 in the Westmorland & Furness fleet is deemed necessary to reduce maintenance costs and improve service delivery through a modernised fleet. Alongside this a strategic review of fleet is being developed and this will aim to support the carbon management strategy requirements as well as changing service needs of our fleet. Further investment is likely but that will be confirmed as the business case is completed.
- 4.12 A review of the carbon emissions from the Council’s properties identified 25 of the Councils highest emitting of buildings under its control. A project, targeted on these properties, is underway which will include assessing the building fabric, M&E surveys, LED outline designs and the production of decarbonisation plans that will provide indicative costings and recommendations for carrying out the work. A further investment of c£2m per annum will be required to deliver a reduction in the carbon emissions of these properties and for other similar projects.
- 4.13 A key measure to “replace” energy consumed with renewables is to develop solar farm infrastructure on Council owned land. Solar developments will also allow the Council take greater control of energy cost into the future. A first solar farm is currently in procurement for construction at Sandscale Park, Barrow and further developments are being planned which will require approval of the full business cases before further capital investment is approved.
- 4.14 The governments ‘Network North’ announcement in October 2023 presented a national £36bn plan to improve the country’s transport. The funding will be used to change Government’s approach to transport infrastructure in line with three priorities. They are to:
- drive better connectivity within our towns, suburbs and cities
 - drive better connectivity between our towns and cities

- improve everyday local journeys for people
- 4.15 The announcement included an additional £8.3bn for local highway maintenance. For Westmorland and Furness Council it has been announced that the Council will receive an additional £156m over 11 years. For 2023/24 an additional £2.271m will be received and for 2024/25 this will be £2.347m each year. Assuming the remainder of the additional funding is allocated evenly across the remaining 9 years that would result in circa £16.9m for each financial year. The exact profile of grant allocation has not yet been announced.
- 4.16 The Marina Village (Phase 2) scheme is for the brownfield development site located in Barrow that is allocated in the Barrow Borough Local Plan for housing development with an indicative yield of 650 homes. The scheme will deliver further site works and remediation of the site and the delivery of infrastructure required to de risk the scheme and enable the Council to procure a delivery partner or partners for the scheme.
- 4.17 The Local EV Infrastructure (LEVI) Fund supports local authorities in England to plan and deliver charging infrastructure for residents without off-street parking.
- 4.18 The fund comprises:
- capital funding to support charge point delivery
 - capability funding to ensure that local authorities have the staff and capability to plan and deliver charging infrastructure
- 4.19 The LEVI Fund is allocated to Tier 1 local authorities in England. Department for Transport (DFT) has developed funding allocations and the funding is dependent on suitable plans being agreed by DFT.
- 4.20 The allocations are derived using an allocation model developed by DFT, which evaluates the degree of need and progress within areas.
- 4.21 In addition to the new schemes, work has been ongoing to review the profile of the existing capital programme alongside the quality assurance review work. Quarter 2 budget monitoring report to Cabinet included reprofiling requests for Council to approve. These have been incorporated into the overall reprofiling of the 2023-2029 capital programme highlighted in this report.
- 4.22 Work has also been ongoing to bring some of the smaller schemes together into overall programmes of activity e.g. individual repair schemes have been incorporated into the corporate property planned maintenance and improvement programme.
- 4.23 The overall impact of the reprofiling has resulted in the movement shown in Table 18.

Table 18 – Capital Programme Movements

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
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Directly Delivered Schemes							
At Quarter 2	90.704	95.445	55.853	28.484	25.888	0.000	296.374
New schemes	2.597	19.349	44.120	25.167	25.167	28.627	145.027
Grant/Finance Changes	(0.351)	-	7.793	8.393	8.393	20.000	44.228
Reprofile to future years	(20.885)	(16.006)	12.887	9.344	14.660	0.000	0.000
Accelerated spend	1.556	(0.400)	(1.106)	(0.025)	(0.025)	0.000	0.000
Total	73.621	98.388	119.547	71.363	74.083	48.627	485.629
Accountable Body Schemes							
At Quarter 2	2.225	11.926	0.166	0.000	0.000	0.000	14.317
Reprofile to future years	(0.193)	0.193	0.000	0.000	0.000	0.000	0.000
Total	2.032	12.119	0.166	0.000	0.000	0.000	14.317
Final Capital Programme	75.653	110.507	119.713	71.363	74.083	48.627	499.946

- 4.24 The detail of the reprofiling is shown in **Appendix 7** and the overall Capital Programme is shown in the Medium Term Financial Plan at **Appendix 1**.
- 4.25 In addition, some of the individual schemes have been combined to form programmes of work e.g., Fleet Renewal Programme. This has brought together the various legacy councils capital schemes into a single Westmorland & Furness scheme.
- 4.26 For 2023/24 some changes to grant funded schemes are included for Cabinet to approve. These include £2.347m for Network North, £0.619m additional Levelling Up funding for Barrow Market & Public Realm activities, DFT Active Travel funding of £0.417m, and other minor amendments.
- 4.27 It is prudent to recognise the inflationary risks within the existing schemes in the Capital Programme. £5.143m of Additional Inflation Risk Allowance remains within the Capital Programme and will be allocated to schemes as required and approved by Cabinet. The funding is profiled in future years pending any schemes requiring further funding due to inflationary impact. For grant funded schemes it is assumed that where there are cost pressures then additional funding would be requested for those schemes from Government or the scope of the scheme would be reviewed whilst still delivering the required outcomes.
- 4.28 Any scheme slippage from the Councils Capital Programmes from 2023/24 is proposed to be carried forward into 2024/25 and will be reviewed as part of the Quarter 1 monitoring.
- 4.29 It should be noted that approximately 67% of the Capital Programme is funded by external grants. In some circumstances these grant funds have challenging timescales, mandated by government departments to evidence spend. The Council actively monitors its delivery and reports to government departments to evidence compliance with the terms and conditions of grant awards. The continuing legacy of COVID disruptions to the market, supply chain disruption, sector recruitment and demand has seen impacts on the delivery of nationally important schemes and at a regional level. While the Council has monitored

and adjusted to reflect these challenges, it has not been able to manage all these risks without impacts on the profile of spend.

- 4.30 As we continue to monitor the deliverability of schemes and engage with government, we will need to align our view of deliverability with respect to timescales and that of government. In some cases, we will need to reprofile projects programmes as the discussions are concluded in 2024/25.
- 4.31 The Capital Programme 2023-2028 is fully funded, and it is financed from external funding in the form of Government grants and grants from other agencies, prudential borrowing, and capital receipts. Target levels of borrowing are affordable and included within the revenue budget and prudential indicators.
- 4.32 There are currently no new schemes requiring funding by capital receipts within the Medium Term Financial Plan. The Council approved its Disposal Policy in September 2023 and is in the process of developing a Disposal Programme. Allowing for the application of the Disposal Policy, a level of capital receipts is expected to be available to incorporate within the funding of the Capital Programme and Medium Term Financial Plan commencing 2025/26.
- 4.33 The financing of the Capital Programme is shown in Table 19.

Table 19: Capital Financing Summary

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Grants	49.616	73.131	86.404	42.717	42.765	36.900	331.533
Contributions	4.622	3.255	2.707	1.000	-	-	11.584
Revenue Contribution	5.706	5.929	3.008	2.346	2.707	-	19.696
Capital Receipts	1.148	3.908	5.673	2.007	0.400	-	13.136
Prudential Borrowing	14.531	24.284	21.921	23.293	28.169	11.727	123.925
Other	0.030	-	-	-	0.042	-	0.072
Financing	75.653	110.507	119.713	71.363	74.083	48.627	499.946

5. Statement of Robustness, Adequacy of Reserves and Budget Risk (s25 Local Government Act 2003)

- 5.1 Under the terms of section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to Council on two specific matters:
- the robustness of the estimates included in the budget
 - the adequacy of the reserves for which the budget provides
- 5.2 Section 26 of the same Act places an onus on the Chief Finance Officer to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could be reasonably defined within finalising the proposed budget.

- 5.3 The Council has a statutory duty to have regard to this consideration from the Director of Resources (Section 151 Officer) when making its decision about the proposed budget, Medium Term Financial Plan and Council Tax requirement.
- 5.4 The 2023/24 budget for Westmorland and Furness Council brought together the budgets for the three District Councils (Eden, South Lakeland and Barrow Borough) and the disaggregated budget of Cumbria County Council. During the 2023/24 financial year a significant amount of due diligence has been undertaken to determine the robustness and underlying assumptions within the previous legacy budgets to enable the new Westmorland & Furness budget to be aligned with Directors and Assistant Directors responsibilities and accountabilities.
- 5.5 The underlying pressures upon public services have not reduced and in many areas have increased over the last 12 months. In particular children and adults social care services have continued to be a cost pressure and the continued growth in need and demand for these services (and related support services such as transport, legal support etc.) continues. All local authorities are facing sufficiency risks and price inflation and the need for these to be addressed nationally in a sustainable way is critical.
- 5.6 The budget has been developed using a set of assumptions that are reasonable and robust. The Council continues to face LGR transitional pressures and in year service pressures and for 2024/25 is making decisions to support additional capacity and growth areas as well as identifying savings. The Council is also utilising a level of use of earmarked reserves that is prudent to enable the organisation to plan for future savings and efficiencies to ensure in the medium term the Council is financially sustainable.
- 5.7 There is a high-level assessment of the Council's anticipated potential financial risks and proposed mitigations for 2024/25 presented in the Medium Term Financial Plan.
- 5.8 This includes the realism of the assumptions within the Revenue Budget 2024/25 for:
- price increases and general levels of inflation
 - fees/charges income
 - changes to specific grants and / or changes to their eligibility requirements
 - provision for demand and supply chain pressures within services
 - funding for LGR implementation costs
 - the financing costs arising from the Capital Programme
 - the impact of current and forecast interest rates on the expected returns from investment of cash balances
 - the probability of achieving the savings targets in 2024/25 and identifying future savings to deliver balanced budgets throughout the MTFP period
 - the likelihood of being able to deliver further necessary savings without significantly reducing the level of Reserves/Balances
 - the realism of the Capital Programme estimates in light of:
 - the potential for slippage and underspending of the Capital Programme

- the risks of overspends due to inflation and/or contractor distress
- 5.9 The Council Budget remains risk based as further due diligence and understanding of the detailed budgets from all of the legacy councils continues.
- 5.10 Budget monitoring will continue to be carried out on a regular basis and reported, alongside other key performance information to Cabinet during the year.
- 5.11 In this context, the Director of Resources (Section 151 Officer) confirms that the spending plans identified within the MTFP and the Council Tax calculation for 2024/25 are robust estimates that:
- a. Direct resources towards priorities in a way that is achievable.
 - b. Reflect the best estimates of inflation and demand factors available at this time.
 - c. Consider and recognise the major financial risks facing the Council over the medium term.
 - d. Considers and recognises the uncertainty of funding and demand in the medium term.

Adequacy of Reserves

- 5.12 Reserves provide the cushion to deal with uncertainty, risks and unforeseen events in year and the opportunity to respond to service changes out with existing plans. They provide flexibility and are key to a financially sustainable Council.
- 5.13 The projected level of reserves and balances is (General and Earmarked) of (£84.409m) at the 1 April 2024. The DSG reserves projected position is £0.179m deficit for schools and a deficit of £14.803m for High Needs at the 1 April 2024.
- 5.14 The General Fund Balance (GFB) is estimated to be £22.613m as at 1 April 2024. This assumes a balanced budget is achieved for 2023/24. This is higher than expected. As at 1 April 2023 it was estimated that the opening General Fund Balance for Westmorland and Furness Council would be £19.846m. The positive 2022/23 outturn positions for the legacy County Council and the District Councils resulted in an increase of £2.767m to the General Fund Balance. Audits of the legacy 2022/23 statements of Accounts are ongoing but it is not expected that any further material changes will be identified. As a result and on considering the financial risks that the Council is facing in 2024/25 it is proposed that the General Fund Balance is reduced by £2.500m in 2024/25 to support a balanced budget position. This results in an estimated General Fund Balance of £20.113m. It is recommended that this is the minimum level of GFB to be maintained and if financial risks increase a further review will be required.
- 5.15 The estimated level of Earmarked Reserves as at 1 April 2024 is £61.796m (excluding DSG reserves). This includes £7.890m of capital reserves and £53.906m of revenue reserves.

- 5.16 The level of reserves is adequate. This has allowed use of £8.518m of earmarked reserves in 2024/25 to support investment in capacity, growth areas and specifically into invest to save change programmes. For 2025/26, because of the significant uncertainty around Local Government finance the reserves position should be at least maintained if not increased over the coming financial years. There is still potential for further financial risks to emerge as the Council continues to harmonise and integrate its services.
- 5.17 The Government have confirmed that they have extended the DSG statutory override for a further 2 years up to March 2026. DFE guidance states that “DSG is a ring-fenced specific grant separate from general funding of local authorities and that any deficit an authority may have on its DSG account is expected to be carried forward to the next years’ schools budget and does not require to be covered by the authority’s general reserves.
- 5.18 For the purposes of this section 25 report the DSG deficit has not been assumed to impact on overall level of Council earmarked and general reserves. If the DSG statutory override is not extended past 31 March 2026 then the estimated deficit of £14.803m could become the responsibility of the Council’s general reserves. This would significantly reduce the available reserves and decisions to ensure that the Council could maintain financial sustainability would need to be taken.
- 5.19 The Council is involved in the Delivering Better Value in SEND intervention programme by DFE and plans and actions are being developed to support a process to manage any future increases in the deficit and take steps to reverse the historic deficit position. This includes a review of sufficiency of provision and a review of the EHCP process.

Section 25 Opinion

- 5.20 Taking all of this into account the Section 151 officer is satisfied that:
- Estimates used in the Revenue Budget 2024/25 are as realistic and robust as possible given the extremely challenging circumstances.
 - The proposed Council Tax levels can support a balanced budget position for 2024/25.
 - Associated levels of balances/reserves for 2024/25 and the MTFP period are adequate but given the ongoing uncertainty efforts must continue to build up reserves where possible.
 - The 2024/25 Budget includes a contingency of £1.000m to reflect the level of risks and in year uncertainty that the Council is facing
 - The estimates used in the projections for the MTFP beyond 2024/25 are as realistic as can be assessed at this stage given the large scale of uncertainty across a range of factors.
- 5.21 Looking forward Westmorland & Furness Council will continue to prioritise its resources to deliver on its ambitious Council Plan and Delivery Framework. It will deliver new ways of working, support communities and individuals to thrive

and work closely with key partners, particularly health, to deliver essential services.

6. Budget Consultation

6.1 In considering the Revenue Budget for 2024/25 the formal consultation document was launched on the 12 December 2023 and closed on the 19 January 2024.

6.2 The consultation sought feedback on five key proposals:

- Increasing the rate of Council Tax for 2024/25 by 2.99% and implementing the Government's 2% rise for the Adult Social Care precept – making a total increase of 4.99%.
- Increasing the Council Tax rate paid on second homes as part of the Council's plan to tackle the affordable housing crisis by introducing a second homes premium of 100% from 1 April 2025.
- From 1 April 2024 applying the empty homes premium on properties that are substantially unfurnished after 1 year – rather than the current 2 years.
- Increasing, from 1 April 2024, the empty homes premium on properties that are substantially unfurnished for more than 10 years from 200% to 300%.
- Applying an inflationary uplift of 6.7% on the Council's discretionary fees and charges.

6.3 A public consultation document was produced which explained the proposals and their background context. This was made available in Council locations like libraries and offices and via the Council's website.

6.4 The document included a short questionnaire which people were encouraged to complete and return, either online or in hard copy. There was also the opportunity to email feedback to a dedicated inbox.

6.5 The consultation was promoted publicly via the local media, on social media and to subscribers of Council email updates. It was also promoted to the Council's staff and to the following stakeholder groups:

- Westmorland & Furness Council Members
- Trade Unions
- Parish and Town Councils
- Third Sector Organisations
- Businesses via Cumbria LEP and Cumbria Chamber of Commerce

6.6 In addition, the consultation was considered at a meeting of the Council's Corporate Overview and Scrutiny Committee on 12 January 2024, attended by seven non-executive Members. Their feedback is referenced at the end of **Appendix 2**.

6.7 **Appendix 2** sets out the feedback from the consultation. Cabinet's consideration of this feedback is required before the recommendations to Council can be agreed. Members should, therefore, ensure that they have appraised themselves of the outcome of consultation.

6.8 The consultation findings are based on feedback from 602 respondents, with most answering all the questions. The consultation is not designed to be a statistically representative sample of public opinion in Westmorland & Furness but a gauge of the opinions of those people and organisations that have chosen to participate in the process.

6.9 In summary,

- 42.5% of respondents agreed with the proposal to increase Council Tax by 4.99%; 52% disagreed and 5.5% said they did not know.
- 74.5% of respondents agreed with the proposal to increase the Council Tax rate paid on second homes; 21% disagreed and 4.5% said they did not know.
- 75% of respondents agreed with the proposal to apply the empty homes premium on properties that are substantially unfurnished after 1 year; 18% disagreed and 7% said they did not know.
- 78% of respondents agreed with the proposal to increase the empty homes premium on properties that are substantially unfurnished for more than 10 years; 15% disagreed and 7% said they did not know.
- 25% of respondents agreed with the proposal to increase discretionary fees and charges by inflation; 48% disagreed and 27% said they did not know.

6.10 Several of the respondents provided additional written comments, and these are summarised in **Appendix 2**.

6.11 The three key areas that the Corporate Overview & Scrutiny Members wished to emphasise are:

- The importance of investing in our own staff to reduce agency staff usage particularly in Children's Social Care.
- Clarity of the financial benefits anticipated from the Change Programme and the level to which those are included in the 2024/25 budget and Medium Term Financial Plan.
- To review whether the Valuation Office can be asked to review the different Broad Rental Market Areas covering Westmorland & Furness.

7. **Link to Council Plan Priorities: (People, Climate, Communities, Economy and Culture, Customers, Workforce)**

7.1 This report supports the priorities of the Council Plan; the Medium Term Financial Plan is a budgetary representation of the Council Plan, including the Delivery Framework. Effective management of financial resources is a prerequisite for making informed decisions when planning and delivering Council services and priorities.

8. **Consultation Outcomes**

- 8.1 Included as Section 6 of the report and **Appendix 2**.
- 8.2 Having considered the consultation responses the reasons for proposing the changes are still valid and the rest of the report explains the detail of those changes and the wider context as to why those proposals are recommended.

9. Alternative Options Considered

- 9.1 The Council has a legal duty to set a balanced budget each year and these proposals fulfil that requirement.
- 9.2 The options for Council are to:
- Approve the budget proposals as set out in this report or:
 - Recommend amendments to the budget proposals (seeking advice of the Section 151 Officer and Monitoring Officer).
- 9.3 Members are asked to note Part 3 of the Council's Constitution Section 1 "Council Procedure Rules". Rule 14.13 provides that no amendments to a motion or recommendation that relates to the Budget or Policy Framework may be moved unless written notice which sets out the amendment or amendments proposed has been given by the Member(s) proposing the amendment(s) and has been delivered to the Monitoring Officer not later than noon on the second working day before the date of the meeting. Following receipt of such notice, a copy of the notice will be circulated to all Members as soon as reasonably practicable.

10. Financial Implications and risk

- 10.1 The financial implications, resource, value for money, and risks have been set out within the body of this report.

11. Legal and Governance Implications

- 11.1 The Council is required under Part 1, Chapter III of the Local Government and Finance Act 1992 ("the 1992") to set a council tax for the forthcoming year and its budget estimates. The decision must be made before 11 March of the preceding year. Sections 31A and 31B of the 1992 Act require the Council to calculate its "council tax requirement". This is reflected and set out in the recommendations and this report.
- 11.2 The Council is required by law to agree a lawfully balanced budget. The Council's prospective expenditure must not be likely to exceed its resources available to meet that expenditure. The proposals set out in this report meet this obligation.
- 11.3 The approval of the budget and calculating the Council's element of the council tax is a decision reserved to Council under section 67(2)(b) of the 1992 Act. In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the Cabinet (Shadow Authority Cabinet) makes recommendations as to the setting of the council tax and budget to Council for final decision.

- 11.4 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'. Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their precepts, and authorities are required to take the Chief Financial Officer's report into account when setting the Council Tax.
- 11.5 The Equality Act 2010 includes a public sector equality duty which requires Councils when exercising functions to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act and to advance equality of opportunity and foster good relations between those who share a "protected characteristic and those who do not share that protected characteristic". When a Budget proposal has implications for people covered by the Equality Act 2010, the Council must take into account of the Equality Duty and any particular impact on the protected group and an Equality Impact Assessment (EIA) is attached to this report.
- 11.6 Once the budget is agreed by Council, the Cabinet will implement the decisions within the budget, provided it remains within the budget framework.
- 11.7 Members are subject to the Council's duty to set a balanced budget, and at common law owe a fiduciary duty to taxpayers to do so. Members must receive and take into account the advice of officers, particularly the Section 151 officer, when considering and deciding the Council's budget. As the decision makers, members must have due regard to the equalities duties when setting the budget.
- 11.8 The Council has carried out a budget consultation as outlined within this report. In accordance with established case law principles which require the consultation must be carried out when proposals are at a formative stage, sufficient reasons must be put forward for any proposal to allow an intelligent consideration of a response to the proposal. Adequate time must be given for consideration and response. Responses must be conscientiously taken into account in finalising any proposal. Sometimes fairness requires that interested persons are consulted not only on the preferred option but also on arguable but yet disregarded options.

Members are advised to carefully consider the responses to the consultation exercise, and take account of these in their decisions. Members are also advised to carefully consider and take account of the Equality Impact Assessment appended to this report.

12. Human Resources Implications

- 12.1 Elements of the proposed 2024/25 base budget includes investment in some key services due to additional capacity being required. For example, the disaggregation of some County Council services has required additional resources to be recruited to ensure the appropriate level of resources is in place to ensure stability, maintain safe and legal status or to progress the improvement and transformation phases of change.

- 12.2 Whilst there are no direct saving proposals within the proposed budget that have direct HR implications, any HR impacts that may result from the ongoing Organisational Development programme for the Council will be subject to relevant consultation, engagement and communication with an agreed management of change process being followed.
- 12.3 Given the scale of the change programme the Council is managing, employee and elected member wellbeing is a high priority with a programme of organisational development, health and safety and a positive workplace culture all key elements of the Councils target operating model.
- 13. Equality and Diversity Implications (including the public sector equality duty, Armed Forces Families, Care Experienced and Health inequalities implications)**
- 13.1 Equality Impact screening assessments have been undertaken for fees and charges, Council Tax increases and Housing rents, these are attached at **Appendix 9**.
- 14. Background Documents**
- 14.1 Local Council Tax Reduction Scheme 2024/25 and War Pension Disregard; Council 23 November 2023.
- 14.2 2024/25 Budget Consultation and Medium Term Financial Plan (MTFP) 2024-2029 Update; Cabinet 12 December 2023.
- 14.3 2024/25 Draft Revenue Budget and Medium Term Financial Plan (2024-2029) and Draft Capital programme (2023-2029); Cabinet 13th February 2024