



Northumberland County Council

County Council

Wednesday, 21 February 2024

Update to the Budget 2024-25 and Medium-Term Financial Plan 2024-2028 Report

Report of Councillor(s): Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Services

Responsible Officer(s): Jan Willis, Executive Director for Transformation & Resources (Section 151 Officer)

1. Link to Key Priorities of the Corporate Plan

The Council's Budget and Medium-Term Financial Plan (MTFP) are aligned to the three priorities outlined in the Corporate Plan 2023-26: Achieving Value for Money; Tackling Inequalities and Driving Economic Growth.

2. Purpose of report

The purpose of this report is to update Members with matters relating to the Budget 2024-25 which have arisen following the publication of the final Local Government Finance Settlement and publication of the Budget reports, one of which was presented to the all-Overview & Scrutiny Member, Corporate Services and Economic Growth Overview and Scrutiny Committee on 29 January 2024 and the second to Cabinet on 13 February 2024.

3. Recommendations

- 3.1 Members are requested to note that the final Local Government Finance Settlement 2024-25 has now been received and the figures within Appendix 1 of the Budget 2024-25 and Medium-Term Financial Plan 2024-28 report, which was presented to Cabinet on 13 February 2024 have been updated to reflect the changes in the settlement.

3.2 The main budget report recommendations 2 a), 2 b), 5, 7, 10, 13, 21, and 22 have been updated to reflect the changes outlined in this report. The revised recommendations are as follows:

2. a) Approve the Revenue Budget for 2024-25 including the efficiencies totalling £10.834 million for 2024-25 contained within Appendix 1 (detailed in Appendix 10)
2. b) Approve the Schedule of Efficiencies totalling £14.939 million for 2025-26 contained within Appendix 1 (detailed in Appendix 10) noting that the efficiencies identified may be progressed during 2024-25 in order to realise the efficiencies early.
5. Note the estimated retained Business Rates and the Top-Up Grant funding to be received by the Council for 2024-25 of £104.445 million and £326.550 million over the remaining period of the MTFP contained within Appendix 1.
7. Note the estimated receipt of Rural Services Delivery Grant of £3.178 million for 2024-25 contained within Appendix 1.
10. Note the estimated receipt of Social Care Grant funding of £28.990 million for 2024-25 contained within Appendix 1.
13. Note the estimated receipt of Services Grant of £0.481 million for 2024-25 contained within Appendix 1.
21. Note the revised Schedule of Reserves and Provisions contained within Appendix 3.
22. Approve:

The net contributions from the Strategic Management Reserve of £16.504 million in 2024-25 and note the proposed net contributions from reserves of £6.503 million in 2025-26 and £0.027 million in 2026-27, and the proposed net contribution to the reserve of £0.997 million in 2027-28, contained within Appendix 1, comprising:

- a. non-recurrent pressures of £7.147 million for 2024-25, and note the non-recurrent pressures totalling £2.084 million in 2025-26, £0.027 million in 2026-27, and £0.028 million in 2027-28, (as detailed within Appendix 9; excluding the Adult Social Care Discharge Fund, Locality Coordinators, Hirst Welfare Centre – transitional support, Council Tax Support Hardship Scheme, and BEST Initiative);
- b. delayed investment interest due from the airport as a result of Covid-19 will be repaid to the Strategic Management Reserve. It is anticipated that the airport will start to repay the delayed interest over a three-year period, commencing in April 2027 at £1.025 million per annum;
- c. revenue contribution to capital (RCCO) of £13.171 million in 2024-25; comprising of £8.171 million for investment in the Schools' Development Programme, and £5.000 million for investment in the enabling works at

strategic employment sites within Northumberland; and £6.591 million in 2025-26 for investment in the Schools' Development Programme; and,

- d. contribution to the reserve of £3.814 million in 2024-25 and note the subsequent proposed contribution to the reserve of £2.172 million in 2025-26.

- 3.3 Note that the Public Health Grant has increased from £18.165 million to £18.372 million.
- 3.4 Members are requested to note that figure for Collection of Parish Precept in Appendix 1 has been amended to reflect the information that has been received from parish and town and councils. There has also been a corresponding adjustment made to the Base Budget figure in Appendix 1 from which the payments to parish and town councils are made.
- 3.5 Members are requested to agree to the withdrawal of recommendation 44 in the original report.
- 3.6 Members are requested to approve the use of the Social Care Grant to fund the Adult and Children's social care pressures and inflation outlined in the report and shown at Appendix A.
- 3.7 Members are requested to note that throughout the report where efficiencies are mentioned that the efficiency figures should be substituted as follows:

2024-25 £10.834 million

2025-26 £14.939 million

2026-27 and 2027-28 £30.158 million

4. Forward plan date and reason for urgency if applicable

The report first appeared in the forward plan on 6 February 2024 following receipt of the final Local Government Finance Settlement.

5. Background

- 5.1 The Budget 2024-25 and Medium-Term Financial Plan 2024-2028 report was presented to Cabinet on 13 February 2024 and contained figures which had been received from Government in the provisional Local Government Finance Settlement on 18 December 2023.
- 5.2 The final Local Government Finance Settlement was received on 5 February 2024 and contained a number of changes:
- Retained Business Rates and the Top-Up Grant funding to be received by the Council for 2024-25 increased by £0.749 million from £103.696 million to £104.445 million; and, by £2.247 million from £324.303 million to £326.550 million over the remaining period of the MTFP. It has been assumed that this change is recurrent.

- The value of Rural Services Delivery Grant that the Council will receive for 2024-25 has increased by £0.433 million from £2.745 million to £3.178 million. It has been assumed that this change is recurrent.
- The value of Social Care Grant funding that the Council will receive has increased by £3.169 million from £25.821 million to £28.990 million. It has been assumed that this change is recurrent.
- The value of Services Grant funding that the Council will receive has increased by £0.042 million from £0.439 million to £0.481 million for 2024-25 only.
- The value of Public Health Grant funding that the Council will receive has increased by £0.207 million from £18.165 million to £18.372 million. It has been assumed that this change is recurrent.

5.3 The Council has benefitted overall by £4.600 million additional income as a result of, the final Settlement when compared to the provisional Settlement grant figures and following the update to the business rates figure upon the completion of the NNDR1 return:

- An additional £0.475 million for general non-ringfenced grants.
- An additional £0.749 million in business rates income.
- An additional £3.169 million for Social Care Grant funding which will be utilised to fund the significant growth, recurrent, non-recurrent and inflationary pressures in both Adult and Children's Social Care.

The Government has recognised the significant pressures being encountered in these areas and has provided additional funding to meet the demands faced by these services. In addition to the grant funding there is still the expectation from Government that councils levy the additional 2.00% Adult Social Care Precept. The table at Appendix A of the report demonstrates why this is necessary in 2024-25.

- An additional £0.207 million of Public Health Grant which is ringfenced to public health initiatives.

5.4 At the meeting of the Cabinet on 13 February 2024, Cabinet Members recommended that the following efficiency was removed, and the updated Budget figures assume that Council will agree to this change:

Increase to Northumberland Pay and Display Parking Permit

2024-25 £0.012 million

2025-26 £0.011 million

2026-27 £0.015 million

5.5 After taking into account the reduction to the efficiencies it is proposed that the Council reduces the call on the Strategic Management Reserve by £4.381 million in 2024-25 and £4.328 million in 2025-26.

5.6 To reflect the final Settlement and the decision of Cabinet to remove the efficiency at 5.4 of this report, a number of appendices have been amended and are attached to this report; superseding those shown in the Budget 2024-25 and Medium-Term Financial Plan 2024-2028 report which was presented to the Cabinet meeting on 13 February 2024. They are as follows:

Appendix 1 – Budget 2024-25 and Medium-Term Financial Plan 2024-25 to 2027-28

Appendix 3 – Schedule of Reserves and Provisions 2024-25 to 2027-28

Appendix 4 – Service Specific Grants 2024-25

Appendix 10 – Schedule of Efficiencies 2024-25 to 2027-28

Appendix 12 – Budget by Service Area 2024-25

6. Implications

Policy	The Budget and MTFP support the priorities outlined in the Corporate Plan 2023-26: Achieving Value for Money; Tackling Inequalities and Driving Economic Growth.
Finance and value for money	The financial implications of the Budget 2024-25 and the Medium-Term Financial Plan 2024-28 are detailed within this report and the report presented to 13 February 2024 Cabinet meeting.
Legal	<p>It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, revised under Section 31 of the Localism Bill 2011, for the Council to produce a balanced budget.</p> <p>The Council also has a fiduciary duty not to waste public resources.</p> <p>The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. The Act also states that the Council has got to set its budget before 11 March in the financial year preceding the one in respect of which the Budget is set.</p> <p>The responsibilities of Cabinet, as set out in the Constitution, include taking all necessary steps to prepare the authority's budget, and those plans and strategies which constitute the authority's policy framework. Cabinet undertakes this work in accordance with the Budget and Policy Framework Procedure Rules.</p>

Procurement	There are no specific procurement implications contained within this report.
Human resources	There are no human resources implications contained within this report.
Property	There are no property implications contained within this report.
The Equalities Act: is a full impact assessment required and attached?	Yes - required and attached to main Budget report The Executive Director public Health, Inequalities & Stronger Communities has provided an overarching equality review, which identifies the main issues that need to be considered in setting the budget. Cabinet will be asked to consider changing the budget proposals should it at a later stage prove not to be possible to mitigate an unacceptable equality impact.
Risk assessment	The risks associated with the budget proposals are regarded as acceptable, but these risks will continue to be reviewed up to and including implementation of the detailed proposals.
Crime and disorder	There are no specific crime and disorder implications contained within this report.
Customer considerations	The individual proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	There are no carbon reduction implications within this report.
Health and wellbeing	The Council's Budget is founded on the principle of promoting inclusivity.
Wards	All Wards

7. Background papers

13 February 2024 Cabinet Budget 2024-25 and Medium-Term
Financial Plan 2024-28

8. Links to other key reports already published

[Budget 2024-25 and Medium-Term Financial Plan 2024-28](#)

9. Author and Contact Details

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Additional Social Care Pressures and Funding for 2024-25

Appendix A

	Adults	Children's	Total
	£m	£m	£m
Additional Funding for 2024-25:			
Social Care Grant	4.368	2.566	6.934
Adult Social Care Discharge Fund	1.168	-	1.168
Adult Social Care Market Sustainability and Improvement Fund	0.779	-	0.779
Adult Social Care Precept (excludes change relating to the taxbase)	4.374	-	4.374
Total Additional Funding for 2024-25	10.689	2.566	13.255
Increase in Expenditure for 2024-25			
Growth (including demography)	0.672	-	0.672
Recurrent Pressures	-	3.431	3.431
Discharge Pressures	1.168	-	1.168
Non-recurrent Pressures	0.031	0.733	0.764
Prior year pay award (more than inflationary provision in 2023-24)	2.660	1.790	4.450
2024-25 Estimated Pay Award	1.812	1.327	3.139
Inflation	8.091	1.963	10.054
Market Sustainability and Improvement Fund	0.779	-	0.779
Salary Increments	0.633	0.254	0.887
Other changes	(0.149)	(0.328)	(0.477)
Savings	(3.630)	(1.905)	(5.535)
Total Increase in Expenditure for 2024-25	12.067	7.265	19.332
Expenditure not covered by Additional Social Care Grant	1.378	4.699	6.077