

Report to: Communities Committee, 8th November 2023

Report of: Corporate Director – Finance and Resources

Subject: SETTING OF THE BUDGET FOR 2024/25 AND MEDIUM TERM FINANCIAL PLAN TO 2028/29

1. Recommendation

- 1.1 That the Committee notes the Budgets for the various services identified for 2023/24; and**
- 1.2 That the Committee notes the progress made in delivering the projects included in the City Plan and City Delivery Fund that are relevant to this Committee and confirms the programme of work resourced.**

2. Background

- 2.1 The summary budgets for 2023/24 were approved by Full Council on 21 February 2023 and published in the annual Budget Book.
- 2.2 The transition of the budgets from 2021/22 through to 2023/24 and the detailed budgets for each of the Council’s services relevant to this committee, covering both income and expenditure, is shown in **Appendix 1**.
- 2.3 The Council also produces a Medium Term Financial Plan (MTFP) for the next 5 years setting out the high level pressures and opportunities that are likely to need to be addressed. Revenue and capital spending decisions made during each budget cycle feed into the MTFP and determine the level of reserves that the Council needs to ensure that services can be sustained in future.

3. Review of Service Budgets

- 3.1 Members are asked to review the existing budget for each service and consider whether it remains appropriate for the required level of service delivery.
- 3.2 Members are invited to submit suggestions of potential service improvements and/or re-prioritisation of budgets in order to continue to achieve service objectives and to deliver the relevant aims of the City Plan.
- 3.3 Given that the Council faces a reduction in its future funding, this exercise is likely to result in a reduction or reallocation of resources rather than an increase in the net budget available.
- 3.4 The MTFP indicates a budget gap which needs to be addressed so that the Council can continue to hold sufficient reserves to meet future needs. A Savings Plan has therefore been initiated and a number of areas identified for cost reduction and/or income improvement. In some cases this has affected service delivery and member approval has therefore been obtained. A summary of the changes is shown below.

Savings Planned 2024/25 Budget £'000	Environment Committee	Communities Committee	PED Committee	Policy & Resources	Health & Wellbeing	Total £'000
Non-VR staff changes	2	-	11	150	-	164
Savings in non-statutory services	180	73	53	303	30	639
Savings in statutory services	-	-	-	36	-	36
Specific income increases	29	92	34	91	-	245
Contributions to Shared services	10	-	-	258	-	268
Interest receivable	-	-	-	200	-	200
Reduced energy cost estimates at Leisure centres	-	190	-	-	-	190
Parking enforcement – new arrangement with County	140	-	-	-	-	140
	361	355	98	1,039	30	1,882

The budget changes relevant to this committee include:

- The budget approved in February 2023 include financial support towards the significant increase in energy costs borne by the council's leisure services operator. It now appears that the full support will not be needed and there is an estimated saving of £190k;
- Worcester Show – from 2024 an admission charge of £2 is to be introduced, generating income of an estimated £26.8k. The expenditure budget for the show has also not been fully used and is therefore being reduced by £14k;
- Allotments – the fees charged to allotment holders are to be increased to reduce the subsidy applied to this service. This is to be a phased increase and in 2025/25 will generate additional income of £14.1k;
- HMO licences – an increase in the number of HMO's in the city gives rise to additional licence income of £10k p.a.;
- Community grants are to be reduced over the next three years, with the saving in 2024/25 being £29k;
- The Council's temporary accommodation at Oldbury Road is rented from Platform Housing and a rent reduction of £7k has been agreed.

4. Projects and Capital Expenditure

- 4.1 In a separate report to this committee meeting, Members have received a quarterly progress report on the various projects aligned to this committee. In addition, the 2023/24 Quarter 2 year-end forecast Capital Programme is shown on **Appendix 2** and the 2023-2026 Capital programme approved as part of the Budget in February 2023 is shown in **Appendix 3**.
- 4.2 Members are asked to consider whether the current projects are still appropriate for each service and whether there are any further needs that require addressing. This should include phasing the projects across the full 5-year term of the MTFP based on the need and importance of each one.
- 4.3 The original £3.3m budget allocated to the City Plan was previously split into broad themes by members. Since then a number of projects have been approved against this funding. The summary of the original allocations, the projects that have been approved and the balance of funding remaining in each City Plan theme are shown in **Appendix 4**. The table shows the amount spent and committed by way of purchase

orders to date. In several cases the balance remaining is required to complete the particular project. Some of the other balances will need to be reduced to fund the 2023 Voluntary Redundancy programme and any remaining budget gap. The decision as to which reserves will be re-purposed will be taken by Policy and Resources committee and will be guided by the results of discussions with Group Leaders in November.

- 4.4 Members are asked to confirm that the programme of work supported by the City Plan allocations continues to meet the priorities of the Committee.

5. Implications

5.1 Financial and Budgetary Implications

None arising directly from this report.

5.2 Legal and Governance Implications

The Council has a requirement to set a balanced budget for 2023-24.

5.3 Risk Implications

None arising directly from this report.

5.4 Corporate/Policy Implications

None arising directly from this report.

5.5 Equality Implications

None arising directly from this report.

5.6 Human Resources Implications

None arising directly from this report.

5.7 Health and Safety Implications

None arising directly from this report.

Ward(s):

All

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Background Papers:

None