

2025/26 Budget Update & Timetable

Topics

- Budget Principles
- GF Position
- HRA Position
- Timetable & Guidelines
- Projects
- Cashflow
- System
- Procurement

Budget Principles

- Maintain a balanced budget;
- Do not rely on on-going use of reserves;
- One-off income
 - For one-off items of expenditure or transferred to reserves;
 - Not used for on-going baseline expenditure.
- The budget is prudent and realistic;
- The budget is presented with transparency;
 - All data, balances, reserves etc. are made available.
- Financial discipline is maintained;
- Growth in the baseline is tightly controlled.

2023/24 Outturn

- Baseline Underspend £600k;
 - Main Savings:
 - £1,170k salaries
 - £315k port health income
 - £210k improved NDR income
 - £460k improved investment returns
 - Main Pressures:
 - £480k waste services contract inflation
 - £520k homelessness
 - £170k planning income
 - £370k short term borrowing costs
 - £220k Kearsney Café deficit

2024/25 Budget

- £2.8m deficit re Port Health
 - Currently expected to be cost neutral
- £2m of savings including:
 - £320k staff savings
 - £420k parking income increases
 - £400k review of HRA charges
 - £100k waste services savings
 - £150k community services income
 - £140k rent increases
- £500k corporate underspend

2024/25 Forecast

- Q1 - Over £0.5m forecast overspend
 - Pressures
 - £450k homelessness pressures
 - £220k parking income shortfall
 - £160k HB & CTax Admin grant reduction
 - £180k planning income reduction
 - £80k Roman Painted House running costs
 - £125k NDR pooling pressures
 - Savings
 - - £170k lower waste contract inflation
 - - £450k staff savings

2024/25 Forecast

- Accountancy to work with managers to review detail quarterly
 - Q2 alongside budget setting
 - Ensure identify savings, where possible
 - Consider 2023/24 actuals
- CMT review of Q1 forecast
 - Implement Head of Service approval of Pos
 - Review of homelessness & options

2025/26 Budget Impacts

- Inflation pressures £1.5m+
 - Salaries, contracts, general, etc.
- Income inflation £0.5m
- Council Tax £9m pa
 - Growth & increase 3% - £350k
 - Second Homes charges - £150k
- NDR – uncertainty
 - Reset / on-going cap funding / economy
- Local Govt funding generally uncertain

Future Forecasts

- Current MTFP forecast
 - £1.2m further savings needed 2025/26;
 - Future uncertain
 - £1m+ if no significant changes to financing
 - £4m+ if key funding streams cut
- Action
 - Thoroughly review budgets;
 - Prepare options for savings / income generation;
 - CMT / Cabinet reviews

HRA 2023/24 Outturn

- 2023/24 Outturn of £2.1m deficit
- £300k below original budget
 - Main Savings:-
 - Reduction in capital works programme £1,200k
 - Savings re borrowing not yet undertaken £1,100k
 - Increase in income from service charges £250k
 - Main Pressures:-
 - Increase in revenue repairs expenditure £1,200k
 - Decrease in rent income £500k
 - Short term borrowing costs £300k

HRA 2024/25 Forecast

- £1.5m deficit forecast
 - Funded from Housing Initiatives Reserve
- Repair and planned works budgets under pressure:
 - Planned works still catching up with the under-investment from EKH;
 - Repair costs increasing;
 - Void Properties inc full renovations;
 - Damp & Mould requirements.

HRA Future Forecast

- On-going forecast deficit at over £1m pa
- The Housing Initiative Reserve will be fully spent within 2-3 years
- HRA business plan review underway
- Detailed stock survey to be undertaken
- 200 houses to be added to stock pa
 - Viability challenges could add to budget pressures

Budget guidelines

- Consider 2023/24 outturn
 - NB - overall underspend in 2023/24
- Review actual 2024/25 to date
- No general inflationary increases
 - For specific items use 2%
- Discuss significant increases with Accy
- Include agreed savings / service changes

Budget guidelines

- Corporate contingency for urgent items
- Do not budget for “maybe”
 - Add to voluntary contingency
 - Corporately allow 50%
 - Release if needed in year
- Accountants to review & challenge
- Complete budgets by Fri 11th Oct

Budgeting for staff

- Salary info to be issued end of Sept
- Please check
 - All current structure posts are included
 - Including vacancies where plan to replace
 - Add comment to vacancies to be deleted
 - Notify any other known changes
 - Hours & grade
 - Fixed term end dates
 - Advise if have plans to extend
 - Long term vacancies will be challenged
- Advise * of any potential restructures to agree budget approach
- In the case of no responses from budget managers, the existing staff structure will be used for 2025/26 budgets

Internal Recharges

- Similar process to prior years
- Applies to all 7-codes
- Allocate your team's time across service areas
- Must total 100% for each 7-code
- Accountants to support at budget meetings
- Process for projects remains the same
- Sheets will be sent out w/e 20/09/24

Fees & Charges

- Spreadsheets to be circulated on 12th Sept
- Follow instructions on email
- Base increases @ 2.5%, with sensible price points
- Agree with portfolio holder
- Return by 11th Oct
- Budgets should reflect F&C info
- Reports to committees – Oct & Nov
- Approved by Cabinet - Jan

Project Appraisal Process

- New bid review & request form to be completed by 13th September
- Review existing bids & release if not needed
- Consider significant pressures faced by DDC
 - Only keep / add essential requirements
- CMT/Leadership Forum agree projects for MTFP
- Council approves budget subject to project appraisal
- Budget managers complete project appraisal for Cabinet / delegated approval
- No expenditure until project appraisal has been approved
- Additional in-year projects will need Council approval

Cashflow Management

- High short-term borrowing costs
- Better planning & cashflow forecasting improves borrowing arrangements & saves interest
- Budget holders to notify **** of any large one-off payments / income (>£50k). (2 weeks in advance where possible)

Who does what within the finance system?

Purchase order (PO) queries and PO training- ***

New T1 User Requests- ***

Payable Invoice/Payment req queries- ***

Sales Invoice/Income queries- ***

Budget access/General budget queries or T1 System queries—
Service area accountant

System Refresher

- ***
- Found on Viva Engage but also here for the log in page
- Tech One Link: Tech One Log In

Procurement

- **Contract Standing Orders** apply to the purchase by **or on behalf of** the Council of works, supplies (goods) and services and the granting of service concessions
- It is a **disciplinary offence** to fail to comply with Contract Standing Orders
- All employees have a duty to report breaches of Contract Standing Orders to the Monitoring Officer
- Waivers to Contract standing Orders must be requested in **advance** and only in **exceptional** circumstances!

Thresholds & Process

0 - £15,000 - At least one written quote in advance (general presumption in favour of competition and as such additional quotations where possible)

£15,000 - £100,000 - At least three written quotes obtained by Procurement in advance using the Councils Invitation to Quote document

£100,000* plus - At least three written tenders obtained by Procurement in advance, using the Councils Invitation to Tender document

*(*Where above applicable Public Contract Regulations 2015 thresholds for Goods/Service/Works, additional requirements of regulations will apply)*

Summary

- Any final questions?