

Final Budget Proposals 2024/25

GENERAL FUND & HRA REVENUE

1. Background and Introduction

- 1.1 The Cabinet approved an updated Financial Planning Framework (FPF) 2024/25 to 2028/29 at its meeting on 18th September 2023, which is the first step in preparing the 2024/25 budget.
- 1.2 The first major milestone in the FPF was reached on 9th October 2023, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29. The MTFP revealed a projected revenue deficit of £3.720 million for 2024/25 on the General Fund; it was a deficit that required eliminating in full if the Council were to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.
- 1.3 The MTFP projected a small revenue surplus of £0.015 million on the Housing Revenue Account for 2024/25.
- 1.4 Acting on the strategic direction provided by Cabinet on 9th October 2023, officers were successful in provisionally bridging the General Fund revenue deficit and presented an early draft budget for 2024/25 to Cabinet on 18th December 2023. The budget was balanced, primarily due to the inclusion of draft General Fund savings proposals of £3.229 million (total savings of £3.535 million were presented, including HRA savings of £0.306 million). The proposals also reflected the comments of a special Overview & Scrutiny Committee, which met to consider the emerging budget, including the savings proposals, on 12th December 2023. By coincidence, the *provisional* Local Government Finance Settlement for 2024/25 was also announced on 18th December 2023; the details in the Settlement confirmed the robustness of the related estimates and assumptions in the budget proposals.
- 1.5 An early draft revenue budget for 2024/25 for the HRA was also presented to Cabinet on 18th December 2023. It anticipated a *planned* deficit of £0.465 million.
- 1.6 The draft budget proposals presented to Cabinet on 18th December 2023 – both General Fund and HRA revenue – were further scrutinised by the Overview & Scrutiny Committee on 23rd January 2024. The Portfolio Holder for Finance also updated the Committee on a significant land disposal at North Weald Airfield. The capital receipt generated was a material event which had happened too late to be reflected in the initial draft budget proposals presented in December 2023; the interest generated from the receipt (a revenue stream) provided an opportunity to modify the budget proposals for 2024/25, including some of the initial savings' proposals.
- 1.7 Further detailed work has now been completed on the revenue budgets. This has included updating the proposals to reflect the very latest developments, most notably the impact of the North Weald capital receipt and the *provisional* Local Government Finance Settlement for 2024/25. The General Fund has now been 're-balanced' and this report allows Cabinet to consider the final budget proposals for 2024/25 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Overview & Scrutiny Committee.

2. Proposed General Fund Revenue Budget 2024/25

SUBJECTIVE ANALYSIS

2.1 The proposed General Fund revenue budget for 2024/25 comprises Net Expenditure of £15.853 million and is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2023 – in the table below.

2024/25 General Fund Draft Revenue Budget: subjective analysis			
Description	Draft Budget (Dec 2023)	Movements	Draft Budget (Feb 2024)
	£000's	£000's	£000's
EXPENDITURE			
Employees	21,268	412	21,680
Premises	3,530	0	3,530
Transport	233	0	233
Supplies & Services	8,974	1,082	10,056
Support Services	1	0	1
Contracted Services	11,606	0	11,606
Transfer Payments (H Bens)	21,698	0	21,698
Financing Costs	4,446	(4,083)	363
Specific Contingency (Waste)	200	0	200
Gross Expenditure	71,956	(2,589)	69,367
INCOME			
Fees and Charges	(18,556)	600	(17,956)
Government Contributions	(23,285)	0	(23,285)
Misc. Income (inc. Qualis)	(3,459)	(78)	(3,537)
Other Contributions	(4,194)	0	(4,194)
HRA Recharges	(4,533)	(9)	(4,542)
Net Expenditure	17,929	(2,076)	15,853
FUNDING			
Council Tax	(9,288)	0	(9,288)
Business Rates	(6,595)	236	(6,359)
Collection Fund Adjustments	(405)	10	(395)
Council Tax Sharing Agreement (CTSA)	(390)	(45)	(435)
Revenue Support Grant (RSG)	(133)	(4)	(137)
New Homes Bonus	(81)	75	(6)
Other Grants/Funding Guarantee Allocation (FGA)	(1,300)	(85)	(1,385)
Contribution to/(from) Reserves	263	1,889	2,152
Total Funding	(17,929)	2,076	(15,853)
(Surplus)/Deficit	0	0	0

EXPENDITURE

2.2 The **Expenditure** highlights included in the table above are as follows:

- **Employee Costs (£21.680 million)** – the core inflationary assumptions with regard to 2024/25 remained unchanged compared to the October 2023 MTFP. The anticipated back-dated pay settlement for 2023/24 was adopted following agreement with the unions; it was a fixed sum increase of £1,925 for all employees, equating to an average pay increase of approximately 5.0%. The assumed pay award of 3.0% for 2024/25 remains unaltered and the figures also include an additional 1.0% (making 4.0% in total) to address the underlying deficit in the base budget as a consequence of the 2023/24 pay award exceeding the budget provision by 1.0% (i.e., the 2023/24 budget assumed an award of just 4.0% compared to the actual award of 5.0%). However, the initial draft budget presented in December 2023 reflected a budgeted reduction in Employee costs of £2.089 million since the October 2023 estimate was prepared primarily as a consequence of the savings proposals to tackle the projected overall budget deficit of £3.720 million identified in October 2023.

Update February 2024

Estimated Employee costs have risen by £0.412 million (from £21.268 million to £21.680 million) since the initial draft budget was presented in December 2023. This partly reflects minor pay adjustments identified in January 2024, but is mostly a consequence of the reversal of two specific budget savings (for £133,280 and £116,120 respectively), which were assumed in the December 2023 draft budget. See Paragraph 2.5 below for a discussion on savings proposals (including **Appendix E**).

- **Premises (£3.530 million)** – a tailored approach was applied to Premises costs for 2024/25 in the initial draft budget presented in December 2023, with targeted savings on Energy costs of £100,000 (already assumed within the October 2023 MTFP) achieved, with other costs assumed to follow the general rate of inflation (3.5%). However, overall Premises costs had fallen by £0.211 million. As with Employee costs, this was primarily due to the assumed realisation of savings proposals.

Update February 2024

There have been no further changes in estimated Premises costs for 2024/25.

- **Supplies & Services (£10.056 million)** – as reported to Cabinet in December 2023, the October 2023 iteration of the MTFP assumed 3.5% inflation on Supplies and Services for 2024/25, which was driving an estimated cost pressure of £0.327 million. Whilst that general assumption remained unchanged, overall Supplies and Services costs fell by £0.685 million. Again, primarily due to the assumed realisation of savings proposals, with notable reductions across a wide range of cost centres, especially in areas such as Commercial & Technical (£346,652) and Corporates Services (£163,813 mainly in respect of miscellaneous ICT costs).

Update February 2024

Estimated Supplies and Services costs have risen by £1.082 million (from £8.974 million to £10.056 million) since the initial draft budget was presented in December 2023. The single largest factor in the increase relates to the estimated costs of the new Waste Management arrangements; emerging intelligence in January 2024 has identified the need for additional (ongoing) budget provision of £500,000. Other notable cost additions include a contribution towards the “Fit for the Future” (transformation) Programme, which is covered elsewhere on this agenda (£180,000) and the opportunity has also been taken to include a budget of £150,000 for “Place-Based Initiatives”. In addition, a specific budget saving of £180,000 has also been reversed. See Paragraph 2.5 below for a discussion on savings proposals (including **Appendix E**).

- **Contracted Services (£11.606 million)** – in the initial draft budget presented in December 2023, the budgeted cost of Contracted Services was significantly higher (up £1.594 million) than assumed in the October 2023 MTFP. There were two notable factors. Firstly, an increase in the cost of the Biffa waste contract of 6.7% was initially assumed in the October 2023 MTFP on the basis of August 2023 CPI (latest available information at time of preparing report). However, the CPI rate unexpectedly dropped to 4.6% in October 2023, which is the inflation rate written into the contract (and has been applied for 12 months, with effect from November 2023); this reduced the cost pressure by £0.174 million. However, that was outweighed (most notably) by the inclusion of Capital Financing Costs of £1.602 million in respect of the new Waste Management arrangements anticipated in November 2024; such costs would be absorbed into any subsequent Waste Management contract with the planned arms-length Waste Company (rather than being a direct expense of the Council).

Update February 2024

There have been no further changes in estimated Contracted Services costs for 2024/25.

- **Transfer Payments (£21.698 million)** – refined estimates of Housing Benefit (HB) related budgets were completed in preparing the initial draft budget in December 2023. This resulted in a net reduction of £0.762 million in anticipated payments compared to October 2023 MTFP estimates, although Members were once again reminded that increased or reduced payments to claimants are predominantly offset by corresponding adjustments in Government payments to the Council. See Government Contributions below.

Update February 2024

There have been no further changes in estimated Transfer Payments for 2024/25.

- **Financing Costs (£0.363 million)** – it was reported to Cabinet in December 2023 that estimated Financing Costs had been further refined in the light of updated cash flow and interest rate expectations. The major cost pressure created by increased interest rates had further stabilised since the MTFP was drafted in October 2023, which has helped slightly. However, the dominant factor in the (apparent) reduction of £2.147 million in overall Financing Costs was the reclassification of £1.602 million in costs related to the new Waste Management arrangements, which were transferred to Contracted Services as explained above.

Update February 2024

A further detailed review of Financing costs has been undertaken in the light of the North Weald Airfield capital receipt. This has resulted in a major reduction in *net* Financing costs (down by £4.083 million from £4.446 million to £0.363 million). While MRP charges have remained virtually constant (reducing by just £31,000) compared to December 2023, forecast Interest *Receivable* has *increased* by £1.935 million and forecast Interest *Payable* has *reduced* by £2.116 million (as outstanding Short-Term Loans are redeemed as they mature, paid for by available cash from the capital receipt).

Interest rates of 4.3% on Investments and 4.8% on Loans have been assumed respectively for 2024/25. It should be noted that no decisions have been made as to the future use of the capital receipt and the movement in Capital Financing costs merely reflects current assumptions regarding the anticipated Treasury Management Strategy for 2024/25.

- **Specific Contingency (Waste) (£0.20 million)** – the initial draft budget presented to Cabinet in December 2023, included a one-off contingency of £200,000 to aid the continued implementation of the new Waste Management arrangements with effect from November 2024, which is a major undertaking for the Council (see discussion above re additional Waste Management cost assumptions embedded within the budget).

Update February 2024

The £200,000 one-off Waste Management Contingency remains unaltered within these draft budget proposals.

INCOME

2.3 The ***Income*** highlights included in the table above are as follows:

- **Fees and Charges (£17.956 million)** – in presenting the initial draft budget to Cabinet in December 2023, it was reported that detailed work on the income assumptions from Fees and Charges had generally been successful in keeping pace with inflation (assumed at typically 6.7% in accordance with August 2023 CPI as explained in October 2023 MTFP) on non-statutory fees. The overall income expectation was increased by £0.480 million though, which was primarily the result of two factors. Firstly, a review of energy cost adjustments within the Leisure contract Management Fee paid by Places Leisure resulted in a positive adjustment of £110,379 (in favour of the Council). And secondly, a misclassification of Market Rent at North Weald Airfield (value £367,500) was subsequently identified within the October 2023 MTFP; the required correction to the classification increases the Fees and Charges line by £367,500, with a corresponding reduction of the same amount on Miscellaneous Income (see below). Limited changes to Car Parking charges were proposed within the savings proposals (estimated yield £106,000).

Update February 2024

A further (and final) review of Fees and Charges has been undertaken during January 2024. That review confirms all previous assumptions as present to Cabinet in December 2023, with one exception. The Quarter 3 Budget Monitoring Report for 2023/24 which appears elsewhere on this agenda, highlights a forecast income shortfall of £950,000 for Planning Applications. This has been a persistent problem and the anticipated uplift in Applications following the adoption of the Local Plan in March 2023 has not materialised, with the increase in statutory fees introduced in December 2023 only partially alleviating the shortfall in income. On that basis, and in the light of updated expectations for 2024/25, it has been concluded that a reduced income assumption of £600,000 should be applied. This reduces the overall Fees and Charges assumption for 2024/25 from £18.566 million to £17.956 million.

- **Government Contributions (£23.285 million)** – these primarily relate to compensation for Housing Benefit payments. These reduced by £0.725 million in the initial draft budget prepared in December 2023 compared to the assumption in October 2023 following an anticipated reduction in payments to claimants by a similar amount (see discussion above on Transfer Payments).

Update February 2024

There have been no further changes in estimated Government Contributions for 2024/25.

- **Miscellaneous Income (including Qualis) (£3.537 million)** – estimated income from Qualis loan margins remained unchanged in the initial draft budget presented to Cabinet in December 2023, compared to that assumed in the October 2023 MTFP.

Update February 2024

An updated review of anticipated income from Qualis loan margins has been completed in January 2024. The outcome has resulted in a small increase of £78,000 (from £3.459 million to £3.537 million) in anticipated loan margins receivable from Qualis in 2024/25.

- **Other Contributions (£4.194 million)** – a marginal increase (of £153,000) was reported to Cabinet in December 2023. “Other Contributions” include Recycling Credits (£1.021 million), the Sale of Recycled Material (£0.828 million), Garden Town partner contributions (£0.750 million) and Waste Service Enhancement Payments from Essex County Council (£0.542 million).

Update February 2024

There have been no further changes in estimated Other Contributions for 2024/25.

- **HRA Recharges (£4.542 million)** – as reported to Cabinet in December 2023, the updated (net) HRA Recharges assumption was lower – by £0.318 million – compared to the assumption in the October 2023 MTFP. This predominantly reflected the assuming realisation of proposed HRA-related savings (of £0.306 million).

Update February 2024

There has been a marginal increase of £9,000 in HRA Recharges (rising from £4.533 million to £4.542 million) compared to the initial draft budget presented in December 2023. This adjustment reflects the HRA impact of savings adjustments completed in January 2024 (see Paragraph 2.5 below).

FUNDING

2.4 The **Funding** highlights included in the table above are as follows:

- **Council Tax (£9.288 million)** – the Council Tax Base for 2024/25 was calculated as at 30th November 2023 (at 55,617.6) based on latest available data held on the “Academy” system and supplemented by intelligence on additional “Completion Notices” anticipated by 31st March 2024 (as an indicator of expected growth in the base); the parishes were notified accordingly on 4th December 2023. A Council Tax collection rate assumption of 98.0% has been assumed for 2024/25, following a temporary reduction to 97.5% in 2023/24 in anticipation of a reduction in collection rates due to the worsening economic climate at the time; experience has shown local collection rates to be more resilient than assumed with performance stable, thereby allowing a more optimistic assumption this year.

The original assumption in the October 2023 MTFP that Council Tax will rise by 3.0% in 2024/25 remained unchanged in the draft budget presented to Cabinet on 18th December 2023.

Update February 2024

The Referendum Principles for 2024/25 were confirmed by the Government as part of the *provisional* Local Government Finance Settlement announced on 18th December 2023. This draft budget contains a proposed Council Tax increase of 2.99%. If adopted, this would increase the Band D charge from £162.15 to £167.00 (an increase of £4.85 compared to the £5.00 maximum allowable, without recourse to a Referendum). Members of course retain the option to vary this proposal. All other Council Tax assumptions remain unchanged compared to those presented to Cabinet in December 2023.

- **Business Rates (£5.359 million)** – as originally reported to Cabinet on 18th September 2023, revenue from the Business Rates Retention (BRR) scheme has been performing strongly in 2023/24 following the April 2023 Revaluation (whereby the Business Rates base in Epping Forest increased in value by 14.0%, which is double the national average of 6.9%). On that basis, the estimates originally prepared for the October 2023 MTFP remained unchanged in the initial draft budget prepared in December 2023. It was assumed that the funding expectation in the budget from this source will rise by £0.829 million; from £5.766 million in 2023/24 to £6.595 million in 2024/25, with normal inflationary rises assumed thereafter (for the purposes of the MTFP in **Appendix D**).

Update February 2024

An updated review of the Council’s Business Rates position was completed in January 2024 with technical support provided by external advisors LG Futures. The outcome results in a revised Business Rates projection of £6.359 million, which is £236,000 lower than the £6.595 million assumed in December 2023. Alongside the North Weald Airfield capital receipt and the need to invest in the “Fit for the Future” (transformation) Programme, the opportunity has also been taken to exclude any additional funding (“pooling gains”) available from membership of the Essex Business Rates Pool from the overall assumed funding from Business Rates. The Pooling Gain is a particularly volatile element of the overall Business Rates Retention (BRR) system as – amongst other things – it relies partly on Business Rates growth achieved in other Essex districts (as well as Epping Forest), so in the interests of added prudence, funding from this source is no longer assumed to support the budget. It is proposed that any subsequent Pooling Gains received will be earmarked for the “Fit for the Future” Reserve (see further discussion below).

- **Collection Fund (£0.395 million)** – subsequent to the October 2023 MTFP, a review of Collection Fund forecasts was completed by Finance officers in late October/early November 2023 in order to establish *provisional* estimates. This identified some encouraging signs, with an overall net distribution of £0.405 million anticipated from Council Tax and Business Rates (up £0.180 million compared to the October 2023 MTFP assumption).

Update February 2024

The assumptions in December 2023 have been further refined, which has resulted in revised forecasts of £90,122 and £304,860 for Council Tax and Business Rates respectively; this reduces the anticipated Collection Fund income distributions from £0.405 million to £0.395 million (i.e., down by £10,000).

- **Council Tax Sharing Agreement (CTSA) (£0.435 million)** – as reported to Cabinet in December 2023, the latest available income forecast from the 2023/24 CTSA at that stage was the Quarter 2 forecast presented to the Overview & Scrutiny Committee on 24th October 2023. This was showing an anticipated outturn of £390,000, so was reflected in the 2024/25 funding assumption.

Update February 2024

The subsequent release of CTSA statistics for Quarter 3 (as at 31st December 2023) suggests that a slight increase would be a reasonable assumption. On that basis, assumed funding of £435,108 is now included in this Budget, based on the Quarter 3 forecast (up £45,000).

- **Revenue Support Grant (£0.137 million)** – the December 2023 draft budget for 2024/25 assumed funding from the Revenue Support Grant (RSG) of £133,000 as part of an anticipated Local Government Finance Settlement at “Core Spending Power +3.0%”.

Update February 2024

The *provisional* Local Government Finance Settlement for 2024/25 was announced by the Government on 18th December 2023. The Settlement was very close to expectations and included an RSG allocation of £137,319 (i.e. fractionally more than assumed in December 2023).

- **New Homes Bonus (£0.006 million)** – the December 2023 draft budget for 2024/25 assumed funding from New Homes Bonus (NHB) of £81,000. Although NHB forms part of the Government’s “Core Spending Power” calculations, annual allocations to individual councils are based on updated local Housing Delivery statistics so are prone to fluctuation.

Update February 2024

The *provisional* Local Government Finance Settlement for 2024/25 included an NHB allocation of £5,880 for Epping Forest District Council. Whilst was disappointing and below the December 2023 assumption, although (in recent years) NHB has become a relatively minor source of funding for the Council following the demise of “legacy payments”.

- **Other Grants/Funding Guarantee Allocation (FGA) (£1.385 million)** – based on an anticipated Local Government Finance Settlement of “Core Spending Power +3.0%” for 2024/25, a budget assumption of £1.300 million was included in the draft budget in December 2023 for the Funding Guarantee Allocation (FGA).

Update February 2024

The *provisional* Local Government Finance Settlement for 2024/25 announced by the Government on 18th December 2023 included an FG allocation of £1,235,398 for this Council. Although slightly below December 2023 expectations, the shortfall was offset by a larger than expected Settlement within the Business Rates system (with councils receiving a full inflationary increase of 6.7%).

However, in the light of consultation responses received on the provisional Settlement, on 24th January 2024, Michael Gove, the Secretary of State for Levelling Up, Housing and Communities, announced additional funding worth £600 million to local government in 2024/25. Although most of that funding is to be targeted at councils with responsibility for adults and children's social care, there was also an expressed commitment to increase the Funding Guarantee for 2024/25 to 4.0% for all councils (from the provisional 3.0%). Additional allocations for individual councils have not been announced at the time of preparing this report. In the circumstances a prudent (notional) assumption has been made that this Council will receive a minimum *additional* allocation of £150,000, which is reflected in these draft budget proposals (resulting in an overall *assumed* FGA allocation of £1,385,398).

- **Contribution to/(from) Reserves (£2.152 million)** – Cabinet were reminded in December 2023 that, in the light of the General Fund Reserve falling below its adopted minimum contingency balance of £4.0 million in February 2023, the Council had committed to – with effect from 2023/24 – annually contributing £262,620 to towards replenishing the General Fund Reserve. At that point in time (December 2023), the Quarter 2 Budget Monitoring Report 2023/24 was projecting a further significant overspend on the 2023/24 General Fund revenue budget, which – if this materialised – would further deplete the General Fund Reserve balance. The pressure to contribute to the General Fund Reserve was therefore rising. As a consequence, as with the October 2023 MTFP, the Council's annual commitment of £262,620 was retained.

Update February 2024

The financial impact of the North Weald Airfield capital receipt has resulted in a substantial shift in the proposed Contribution to Reserves. It has an impact on both 2023/24 and 2024/25:

- **2023/24 Impact** - there is an immediate impact on the Council's projected General Fund revenue outturn for 2023/24. As reported elsewhere on this agenda, following anticipated *overspends* in both Quarter 1 and Quarter 2, a budget *underspend* of £0.584 million is now projected at the Quarter 3 stage for 2023/24. If this materialises (supplemented by the redesignation of other reserves totalling £0.605 million), a year-end balance of £4.533 million is anticipated on the General Fund Reserve, which is *above* the Council's adopted minimum contingency balance of £4.0 million; the annual '*top up*' contribution to the General Fund Reserve of £262,620 is therefore no longer required; and

- **2024/25 Impact** – there has been a substantial decrease in anticipated *net Financing costs* for 2024/25 as explained above, which is the dominant factor in what is effectively a potential budget surplus for 2024/25 with projected Funding exceeding projected Net Expenditure by £2.152 million. It is therefore proposed that this surplus should be added to a separate Transformation Revenue Reserve (TRR); the TRR would be specifically earmarked to provide the necessary investment in systems, expertise, and capacity to support the Council’s “Fit for the Future” (transformation) Programme (reported elsewhere on this agenda). The budgeted contribution of £2.152 million to the TRR in 2024/25 would add to (‘top up’) any available surplus balance on the General Fund Reserve as at 31st March 2024 (estimated at £0.533 million as at Quarter 3 2023/24). The target balance on the TRR would be £3.0 million with Business Rates pooling gains potentially available as an additional source of funding as described above. It should be emphasised that the primary purpose of the “Fit for the Future” Programme is to put the Council on a ‘firmer financial footing’ through the delivery of a revenue budget that is sustainable for the long-term.

EMBEDDED SAVINGS PROPOSALS

- 2.5 Given the scale of the originally projected budget deficit for 2024/25 (£3.720 million) identified in the updated MTFP adopted in October 2023, senior officers, under the strategic direction of Cabinet, prepared a range of savings proposals for consideration by a special meeting of the Overview and Scrutiny Committee on 12th December 2023. The total value of savings considered was £3.780 million (£2.650 million “Low Impact” savings, £1.130 million “High Impact” savings). Acting on feedback from Committee, and subsequent direction provided by Cabinet following the meeting, updated General Fund savings of £3.536 million (£3.229 million net of HRA adjustments) were assumed and embedded in the initial draft budget adopted by Cabinet presented on 18th December 2023. The table below summarises those savings by Cabinet Portfolio.

Update February 2024

The financial benefit derived from the North Weald Airfield capital receipt gives the Council the opportunity to identify sustainable, longer-term savings proposal, to replace some of the negative, short term, reactionary savings that were an undesirable feature of the December 2023 budget proposals for 2024/25, although a balance has to be struck with the critical need to tackle the Council’s underlying structural deficit. On that basis, and in the light of feedback from the Overview & Scrutiny Committee, a limited number of savings embedded in the initial draft budget in December 2023, have been removed from these final draft proposals. This reduces overall General Fund embedded savings from £3.536 million (£3.229 million net of HRA adjustments) to £2.938 million (£2.641 million net of HRA adjustments). The table below summarises those savings by Cabinet Portfolio, including changes since December 2023.

Draft General Fund 2024/25 (@ February 2024): Embedded Savings Proposals			
Portfolio Description	December 2023	Movements	February 2024
	£'s	£'s	£'s
Community Health and Wellbeing	201,458	(22,805)	178,653
Customer and Corporate Support Services	1,350,603	(145,541)	1,205,062
Finance and Economic Development	725,917	(116,120)	609,797
Housing and Strategic Health Partnerships	210,344	0	210,344
Leader of the Council	76,183	0	76,183
Place	386,046	0	386,046
Regulatory Services	585,038	(313,280)	271,758
Overall Savings Total	3,535,590	(597,746)	2,937,843
HRA Recharges Adjustment	(306,225)	9,510	(296,715)
Net Savings in General Fund	3,229,365	(588,236)	2,641,128

2.6 The identification of savings on this scale (16.7% of the 2023/24 General Fund Net Expenditure budget) remains critical to ensure the financial sustainability of the Council. Nevertheless – in developing the proposals – Cabinet and senior officers have been mindful of the overriding need to protect public services. It is a difficult balancing act and transparency and engagement with the wider Council has been a priority to deliver a satisfactory outcome in difficult circumstances. Despite the financial benefits from the North Weald Airfield capital receipt, tough choices still have to be made, some of which entail potential sensitivities affecting employees, public sector partners, customers, and the general public. See **Appendix E** (including **Eii CONFIDENTIAL**) for a detailed summary of the updated (draft) Savings Proposals.

GENERAL FUND BUDGET ANALYSES

2.7 A more detailed analysis of the draft General Fund Budget 2024/25 has been prepared and is attached at **Annex 1** (“Subjective Analysis”) and **Annex 2** (“Cost Centre Summary”).

3. Proposed Housing Revenue Account Budget 2024/25

3.1 The proposed HRA revenue budget for 2024/25 is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2023 – in the table below. A *planned* deficit of £0.465 million remains the core assumption, although there have been some very minor movements on individual budget elements between December 2023 and February 2024.

HRA MTFP Illustration (@February 2024)			
2024/25 HRA Draft Revenue Budget: Subjective Analysis			
Description	Draft Budget (December 2023)	Movements	Draft Budget (February 2024)
	£'s	£'s	£'s
Employees	5,282,310	13,490	5,295,800
Premises	6,690,830	-	6,690,830
Transport	80,790	-	80,790
Supplies & Services	1,281,290	-	1,281,290
Contracted Services	8,296,155	-	8,296,155
Support Services (GF Recharges)	4,532,625	9,510	4,542,135
Debt Management Expenses	68,000	-	68,000
Bad Debt Provision	109,000	-	109,000
Depreciation	10,700,000	-	10,700,000
Total Expenditure	37,041,000	23,000	37,064,000
Rental Income - Dwellings	(41,143,000)	-	(41,143,000)
Rental Income - Non-Dwellings	(999,000)	-	(999,000)
Fees and Charges (Charges for Services)	(3,051,000)	-	(3,051,000)
Other Contributions (Shared Amenities)	(394,000)	-	(394,000)
Total Income	(45,587,000)	-	(45,587,000)
Net Cost of Service	(8,546,000)	23,000	(8,523,000)
Interest Received	(150,000)	-	(150,000)
Financing Costs	6,562,000	-	6,562,000
Net Operating Income	(2,134,000)	23,000	(2,111,000)
Appropriations:			
HRA Contribution to Capital	2,599,000	(23,000)	2,576,000
Total Appropriations	2,599,000	(23,000)	2,576,000
In-Year (Surplus)/Deficit	465,000	-	465,000

3.2 The draft HRA budget proposals for 2024/25, where appropriate, include assumptions that are consistent with the General Fund. The most notable HRA specific factor is the annual Rent Increase. As reported to Cabinet in December 2023, September 2023 CPI was recorded at 6.7%. Therefore, in accordance with the extant legal Rent Standard (April 2020), a rent increase of 7.7% (CPI + 1.0%) remains a key proposal, which is the maximum allowable increase. Members of course have the option of choosing a lower rent increase.

COST CENTRE SUMMARY

3.3 A detailed summary of the draft HRA budget analysed by cost centre can be found at ***Annex 3.***

Final Draft General Fund Budget 2024/25: Full Subjective Analysis

FINAL DRAFT Income & Expenditure Analysis 2024-25 (@ Feb 2024)															
Subjective Description	Chief Executive	Commercial & Technical	Community & Wellbeing	Corporate Finance	Corporate Services	Customer Services	Internal Audit	Place	Planning & Development	Property Services	Strategy, Delivery & Performance	Quails	Other	HRA Recharges	General Fund Total
	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s
Employee Expenses	475,170	5,068,410	1,300,550	965,850	4,690,730	3,592,220	122,490	96,740	3,485,220	901,110	589,620		392,630		21,680,740
Premises Related Expenses		1,566,700	442,590		392,080				300	1,127,970					3,529,640
Transport Related Expenses	1,040	177,520	4,000	1,120	10,900	5,830	940	310	17,520	13,130	320				232,630
Supplies And Services	152,180	2,234,980	626,290	431,090	4,705,900	372,150	189,060	243,570	893,990	42,740	264,150				10,056,100
Support Services										700					700
Contracted Services		11,605,610													11,605,610
Transfer Payments						21,698,600							363,160		21,698,600
Financing Costs													363,160		363,160
MM Contingency (Implementation)		200,000													200,000
Total Expenditure	628,390	20,753,220	2,373,430	1,398,080	9,799,610	28,668,800	312,490	340,620	4,397,030	2,005,650	854,090	0	755,790	0	69,367,180
Fees & Charges		-14,331,120	-505,370		-327,070				-2,480,610	-312,290					-17,956,400
Government Contributions			-468,740	-178,000		-22,637,780									-23,284,520
Misc Income		-6,110			-290	-518,250			-59,600			-2,952,690			-3,536,940
Other Contributions		-2,770,820	-33,980		-381,130	-253,230			-750,000	-2,390					-4,193,750
HRA Recharges														-4,542,140	-4,542,140
Total Income	0	-17,108,050	-1,008,090	-178,000	-708,430	-23,414,280	0	0	-3,290,210	-314,880	0	-2,952,690	0	-4,542,140	-53,513,750
Net Expenditure	628,390	3,645,170	1,365,340	1,220,080	9,091,180	2,257,540	312,490	340,620	1,106,820	1,770,770	854,090	-2,952,690	755,790	-4,542,140	15,853,430

Annex 2**Draft General Fund Budget 2024/25: Cost Centre Summary**

<i>Service: Chief Executive</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
50100	Chief Executive - Policy	550,030	479,470
CM100	Corporate Policy Making	30,900	31,980
CM105	Subscriptions	42,840	84,340
CM103	Company Structure - Qualis	31,500	32,600
		655,270	628,390

<i>Service: Community & Wellbeing</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
27150	Limes Centre	34,330	23,850
34170	Community & Culture	416,790	518,780
34180	Homelessness Team	509,580	511,160
52100	Community & Wellbeing - Policy	215,050	213,170
CD112	Youth Council	12,600	10,350
CH110	Museum	481,030	314,120
GD100	Grants To Voluntary Orgs	21,010	9,220
GD110	Grant - Essex Womens Refuge	18,330	0
GD140	Grant - Citizens Advice Bureau	152,440	137,390
GD150	Grant - Voluntary Action Ef	30,000	27,040
HL100	Homelessness Advice	-455,650	-405,730
HL110	Bed Breakfast Accommodation	1,100	1,240
PT101	Community Transport	16,020	16,580
RS300	All Weather Pitch	-25,560	-17,500
RS400	Community, Health & Wellbeing	39,330	-2,250
RS403	Marketing And Promotions	11,360	7,920
		1,477,760	1,365,340

<i>Service: Commercial & Technical</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
32170	Licensing Group	326,840	340,160
32220	Estates & Valuation	339,620	441,020
35003	Procurement & Contract Dev	250,760	257,690
35004	Public & Environmental Health	464,070	504,970
35005	Neighbourhoods Team	367,360	791,120
35006	Safer Communities	358,170	0
35007	Waste Management Group	841,230	414,500
35009	Cctv Cameras	27,800	29,620
35013	Engineering, Drainage & Water	500,730	518,070
35016	Leisure & Car Parking	172,560	175,840
35017	Countryside & Landscape	179,130	183,590
35018	Arborcultural Team	140,390	166,980
35600	Grounds Maintenance Contract		1,164,730
35601	Grounds Maintenance (Qualis)	1,172,090	69,240
36800	Private Hsg Policy Grants Care	250,580	260,190
36850	Private Hsg Technical	185,390	187,460
54100	Contract & Technical - Policy	410,490	367,270
54110	Highways Rangers - Group	140,420	140,580
CY100	Safer Communities Programme	195,250	192,120
EH100	Food Inspection	2,600	2,620
EH110	Pollution Control	56,120	10,350
EH111	Industrial Activities - Regula	-10,000	-10,670
EH112	Contaminated Land & Water Qual	55,730	61,300
EH113	Health & Safety	-5,750	-6,140
EH120	Private Sector Housing Matters	-21,920	-24,280
EH142	Animal Welfare Service	10,000	5,000
EH143	Burials (National Assist Act)	-1,830	-2,110
EH150	Public Hire Licensing	-112,880	-114,320
EH151	Licensing & Registrations	-121,030	-123,440
EH152	Animal Licensing	-9,420	-10,240
EH160	Public Conveniences	198,460	187,550
EI131	Countrycare	58,820	63,220
FD100	Flood Defence/Land Drainage	57,360	55,680
GD190	Charity - Chigwell Row Rec	1,320	9,290
HI121	Highways G F Other	15,750	16,300
HI122	Highways G F Trees	-18,850	-15,900
HI123	Highways Rangers	73,640	69,180
HI124	Street Furniture	12,820	25,000
HI129	Highways G F Verge Maintenance	-42,000	-43,700
LA100	Laa Pooled Funds	0	0
OS100	Roding Valley Development	1,060	10,000
OS101	Tree Service	73,490	76,070
OS110	Open Spaces	-3,590	360
OS115	Contribution To Hra	383,000	396,410
PH100	Private Housing Grants	-90,250	-202,360
PS100	Off-Street Car Parking	-633,510	-671,970
RS150	Leisure Services Contract	-905,880	-1,191,930
RS301	North Weald Airfield	-732,250	-1,128,260
RS302	North Weald Airfield Electric	216,910	171,000
SC100	Street Cleansing	1,485,690	1,494,060
SC101	Litter Bins	21,540	21,940
TI150	David Lloyd Centre	-217,350	-233,540
TI170	Brooker Rd Industrial Estate	-817,430	-891,160
TI180	Oakwood Hill Plots	-510,310	-502,120
TI190	Oakwood Hill Units	-311,840	-291,680
TI220	Langston Rd Industrial Estate	-126,490	-139,050
TO100	Fleet Operations Dso Account	44,010	152,150
UO110	Sundry Non-Distributable Costs	-29,800	-29,800
UO112	Greenyards, Waltham Abbey	-15,000	-15,000
UO113	Wayleaves	-4,460	-4,460
UO130	Business Premises	-2,715,380	-2,769,900
UO140	Epping Forest Shopping Park	-2,513,300	-2,523,990
UO150	Loughton High Road	-825,800	-883,100
WC100	Refuse Collection	1,820,280	1,915,780
WC102	Abandoned Vehicles	6,360	6,770
WC200	Recycling	1,981,310	2,265,130
WC400	Waste Management Company		2,300,000
WC300	Trade Waste	-42,510	-46,020
		2,060,320	3,645,170

<i>Service: Corporate Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
25300	Internal Insurance Fund	719,750	719,360
31140	Democratic Services	219,360	216,530
32060	Legal Services	408,050	402,910
32115	Corporate Training	128,100	75,100
32120	Human Resources	738,150	702,050
32122	Apprenticeships	373,040	337,670
32140	Payroll	51,710	53,530
33070	Debt & Insurance Services	80,240	82,360
33080	Information & Comms Technology	3,674,080	3,637,110
42110	Elections Group	99,160	102,700
51100	Corporate Support - Policy	289,130	382,420
51110	Finance Support	338,350	400,390
51120	Correspondence & Operational	222,900	196,790
51130	Service Support 1	243,480	302,500
51140	Service Support 2	198,550	143,430
51150	Business Services Admin	565,560	620,180
DR155	Members Allowances	369,060	363,350
DR160	Overview & Scrutiny	1,340	1,390
EL100	Elections	172,340	172,080
EP100	Emergency Planning	73,410	82,770
LC100	Service Support 3 (Lic)	88,240	61,580
PT110	Concessionary Fares	5,840	6,040
RE100	Electoral Registration	36,520	28,940
		9,096,360	9,091,180

<i>Service: Customer Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
33020	Cashiers	363,890	333,100
33055	Benefits	800,660	618,550
33075	Revenues	1,215,390	1,288,110
33085	Systems Admin & Contract	346,260	377,890
34160	Public Relations & Information	309,760	267,940
40120	Customer Service	701,950	693,510
55100	Customer Services - Policy	296,320	301,050
BA100	Housing Benefit Administration	-433,270	-373,820
BP100	Rent Allowances	-853,320	-593,040
BP110	Non Hra Rent Rebates	0	-10
BP200	Hra Rent Rebates	111,500	160,790
DR140	Civic Ceremonial	16,980	17,570
DR150	Civic & Member Expenditure	10,820	4,870
LT110	Nndr Collection	-229,280	-212,850
LT120	Council Tax Collection	-542,380	-626,120
		2,115,280	2,257,540

<i>Service: Corporate Finance</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
FM130	Prov Bad And Doubt Debts	105,000	108,680
33030	Treasury Management	42,000	43,470
33060	Accountancy	955,640	802,430
33065	Bank & Audit Charges	256,500	265,480
		1,359,140	1,220,060

<i>Service: Internal Audit</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
31120	Internal Audit	174,400	180,500
42410	Corporate Fraud Investigation	130,450	131,990
		304,850	312,490

<i>Service: Property Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
27050	Civic Offices	412,930	315,570
27060	Hemnall Street Offices	19,980	20,170
27110	Debden Broadway Offices	2,580	2,140
32191	Out Of Hours Service	34,040	35,230
32180	Facilities Management	468,550	612,270
23110	Oakwood Hill Depot	93,860	90,130
23130	Townmead Depot	15,690	12,880
23140	Epping Town Depot	-3,000	3,110
26200	Building Maintenance - General	418,980	390,660
57100	Housing & Property - Policy	382,010	288,610
		1,845,620	1,770,770

<i>Service: Place</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
ED100	Economic Development	34,940	93,520
42510	Economic Development Group	245,260	97,100
TBC	Place-Based Initiatives	0	150,000
		280,200	340,620

Service: Planning & Development			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
37500	Building Control Group	718,780	673,710
37600	Development Control Group	590,960	826,650
42310	Enforcement/Trees & Landscape	522,460	559,600
43310	Planning Policy Group	448,990	307,440
PP111	Local Plan	243,670	211,530
PP112	Neighbourhood Planning	10,490	510
PP113	Strategic Implementation Team	553,650	313,980
DC100	Enforcement	-15,950	-17,010
DC110	Planning Appeals	0	105,850
DC120	Development Control	-2,038,620	-1,699,000
PP100	Conservation Policy	3,000	19,220
58100	Planning Dev Services - Policy	305,390	218,460
BC100	Building Control	-582,710	-414,120
		760,110	1,106,820

Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
CM102	Transformation Projects	83,510	82,450
CM103	Fit for the Future	0	180,000
40110	Project & Programme Management	616,180	459,920
59100	Strategy, Deli & Perf - Policy	115,250	131,720
		814,940	854,090

Service: Other			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
FM100	Finance Miscellaneous	2,378,510	1,698,630
IP100	Interest Payable	2,807,130	1,637,160
IR100	Interest Receivable	-478,500	-2,580,000
		4,707,140	755,790

Service: Qualis Income			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Final Draft)
		£'s	£'s
QU001	Qualis Income Stream	-2,851,520	-2,952,690
		- 2,851,520	- 2,952,690

Annex 3**Draft Housing Revenue Account Budget 2024/25: Cost Centre Summary**

Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2023/24 (Final)	2024/25 (Draft)
		£'s	£'s
36250	Housing Resources	162,530	167,120
36260	Housing ICT	133,060	167,110
36500	Housing Options Group	805,310	881,580
36550	Housing Strategy Team	109,640	126,330
36600	Housing Older Peoples Group	568,400	577,690
36650	Housing Maintenance Group	623,830	382,480
36660	Housing Asset Strategy Team	279,870	554,100
36670	Housing Development	66,500	75,360
36900	Housing Management Group	184,830	275,750
36905	Housing Income Management Team	473,270	487,590
36910	Housing Land & Estates Management Team	514,310	469,840
36915	Housing Tenancy Team	421,330	494,300
RM100	Responsive Repairs	117,130	170,700
RM101	Responsive Repairs - Qualis	4,071,000	4,584,050
RM200	Voids Refurbishment	92,420	56,000
RM201	Voids Refurbishment - Qualis	2,500,390	2,894,840
RM300	Planned Maintenance	1,131,920	1,165,340
RM301	Planned Maintenance - Qualis	2,168,980	2,393,440
RM400	Engineering Maintenance	254,660	284,190
RM401	Engineering Maintenance - Qualis	160,500	184,410
RM500	Miscellaneous Projects	24,000	79,280
RM700	Income	(192,670)	(72,670)
YA100	Policy & Management	367,020	516,570
YA110	Sale Of Council Houses	(11,750)	(13,170)
YA140	Comp.Costs New Hsg.System	304,070	156,730
YA150	Tenant Participation	30,740	30,740
YA155	Land and Estates Management	-	6,380
YA160	Contribution To General Fund	697,920	697,920
YA180	New House Builds	121,590	156,700
YA190	HRA Support Services	2,293,900	2,162,640
YA200	Managing Tenancies	317,440	398,390
YA210	Waiting Lists & Allocations	115,890	108,890
YA300	Rent Accounting & Collection	133,400	56,020
YB110	Staircase Lighting	290,970	310,970
YB115	New Build - Street Lighting	-	18,680
YB120	Caretaking & Cleaning	411,120	401,130
YB140	Minor Sewerage Works	69,670	78,740
YB150	Water Course Maintenance	55,310	55,310
YB200	Other Communal Services	61,040	48,280
YB300	Community Centres	9,310	9,310
YB350	Hemnal House	30,000	30,800
YB400	Grounds Maintenance Services	1,566,960	1,563,810
YB401	Grounds Maintenance Services - Qualis	-	50,000
YB500	Oap Units Management	933,900	912,660
YB520	Community Alarms Mgt.	63,870	56,720
YB540	Area Warden Service - Mgt	26,670	20,070
YB620	Norway House - Management	366,980	380,160
YB800	Other Special Items	86,620	86,620
YC100	Capital Exp Charged To Revenue	1,364,000	2,576,000
YD100	Rents/ Rates/Taxes/Insurance	506,710	522,750
YF100	HRA - ICT Systems	47,000	1,900
YH100	Increase Bad & Doubtful Debts	99,000	109,000
YJ110	Depreciation	9,137,000	10,700,000
YJ120	Debt Management	65,000	68,000
YN100	Dwellings Rents	(37,298,450)	(41,161,740)
YN110	Rents - Norway House	(120,550)	(129,830)
YP110	Rents - Other	(1,760)	(1,760)
YP130	Rents - Hardstanding	(5,920)	(5,920)
YP190	Rent - Land	(13,300)	(13,300)
YP200	Garages	(897,770)	(960,770)
YP210	Ground Rents	(11,100)	(11,100)
YR100	Heating Income Special Items	(34,180)	(36,810)
YR110	Mortgage References	(6,240)	(6,720)
YR120	Capital Recs Under £10000	(36,010)	(40,000)
YR140	Sewage Related Income	(32,460)	(34,960)
YR170	Repairs Management Income	(34,530)	(37,190)
YR180	Managing Tenancies Income	(15,400)	(15,400)
YR350	Hemnal House	(4,830)	(5,200)
YR400	Grounds Maintenance Services	(3,200)	(3,450)
YR500	Oaps Units Income	(956,360)	(1,030,000)
YR510	Sheltered Units Support	(168,850)	(181,850)
YR550	Area Warden Support	(86,980)	(93,680)
YR620	Norway House Income	(93,670)	(100,870)
YW110	Interest On Revenue Balances	(8,000)	(510,000)
YW130	Self Financing Interest	5,616,000	6,562,000
YY100	Estate Ground Maintenance	(383,000)	(394,000)
		(364,000)	465,000