

MEETING OF THE COUNCIL



Thursday, 8th February, 2024

7.00 pm

**Council Chamber
Thanet District Council
Margate**

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Date: 08 February 2024
Our Ref: Council/3rd Supplementary Agenda
Ask For: Gabriella Stewart
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You are hereby summoned to attend the meeting of the Thanet District Council to be held in the Council Chamber, Council Offices, Cecil Street, Margate, Kent on Thursday, 8 February 2024 at 7.00 pm for the purpose of transacting the business mentioned below.

A handwritten signature in black ink, appearing to read "I. M. Brown".

Head of Legal and Democracy & Monitoring Officer

To: The Members of Thanet District Council

FIRE ALARM PROCEDURES: If the fire alarm is activated, please vacate the offices via the stairs either through the security door to the left of the Chair or opposite the lifts in the foyer. Please do not use the lifts. Please assemble in Hawley Square on the green. Officers will assist you and advise when it is deemed safe to return to the Chamber.

3rd SUPPLEMENTARY AGENDA

Item
No

7. **BUDGET 2024/25 AND FEES AND CHARGES** (Pages 3 - 4)

11. Section 25 Report

Section 25 of the Local Government Act 2003 includes a duty on the Section 151 Officer to report, at the time the Council Tax is set, on the robustness of the budget calculations as well as the adequacy of the council's reserves and other matters. The level of reserves is also a factor the external auditor will consider in appraising the council's financial standing.

Robustness of budget estimates

The estimates have been subject to significant review and scrutiny by the Section 151 Officer, the Corporate Management Team, and Financial Services Officers.

One of the key tools for implementing the budget strategy was the use of budget prioritisation meetings. This allowed for in depth scrutiny of existing service budgets alongside the request for any budget growth or saving proposals; aiding the accuracy and robustness of the budget estimates.

Realistic assumptions have also been incorporated with regards to inflationary increases for 2024/25, including a 5.75% increase in staff pay that has been agreed with the unions. An allocation of £380k has been included in the budget to cover non-pay related inflation. Given the recent falls in the headline rate of inflation, and the projections for further inflationary reductions throughout 2024, this allocation is considered more than sufficient and a substantially robust estimate.

The proposed fees and charges for the next financial year have also been subject to several iterations of scrutiny and review, both by councillors and officers. For example, as a result of the reducing headline rate of inflation some of our proposed increases have been reduced. Furthermore, across several service budget headings planned income budgets have not been increased in-line with the proposed increases in associated fees and charges; these proposed 2024/25 income budgets have been frozen where there are forecast in-year 2023/24 income shortfalls in our forecasts, and as such it is anticipated that the proposed increases in fees and charges for next year will realign these income budgets for 2024/25.

Regardless of the level of planning or security, budget estimates are inherently uncertain due to their forward looking nature. Key risks to the delivery of the 2024/25 budget have been detailed at section 9, but the section 151 officer is of the opinion that the council holds sufficient and adequate reserves to face these risks, as explained further below.

Adequacy of Reserves

It has been well reported in recent years that the council holds relatively low reserves, compared to other district councils, to historic levels and our risk profile. However as explained at section 7, reserve levels have consistently increased over the last ten years. At their lowest point in 2015/16 earmarked reserves and balances stood at £8.2m, which equated to only 42% of the council's net revenue budget of £19.2m.

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Over recent years reserve holdings have steadily increased, and the draft accounts for 2022/23 show they stood at approximately £16m (excluding Covid reserves), which is double the level held at 31st March 2016 and now represents approximately 80% of planned net revenue expenditure for 2024/25. It should be noted that the draft 2022/23 accounts are still due to be published and are subject to audit.

This improved position allows the council to look more confidently into the future and adopt a more balanced risk appetite when considering the financial risks and implications of potential opportunities for investment, to generate income, or transform our services.

Earmarked reserves are proposed to be used on a number of occasions for the 2024/25 budget, however the section 151 officer is satisfied that these allocations are appropriate; the contributions are of a one-off nature and are in keeping with the intended purpose of the reserve, in that they will either meet the council's objectives and priorities (e.g. £50k for sports development), they will help smooth or mitigate emergency expenditure pressures (e.g. £75k for homelessness) or will help to generate additional income or reduce costs in the future (e.g. £50k for private sector housing).

The provisional year-end position for 2022/23 indicates that the council has approximately £2.0m set aside within the reserve for risk management, which is earmarked to meet the financial pressures from any necessary actions to address any unforeseen or developing risks the council faces. In addition to this, the council also has approximately £2.0m in the equalisation reserve to smooth financial pressures that may arise from in-year budget volatility (e.g. housing benefit, business rates, planning income).

Finally, the council's General Fund balance remains above the £2.0m risk assessed threshold.

As such, the section 151 officer is satisfied with the adequacy of the council's current reserve holdings and the robustness of the estimates that have been applied to the 2024/25 budget.