



**BRENTWOOD
BOROUGH COUNCIL**

Brentwood Borough Council
General Fund Budget
2024/25

Contents

	Paragraph
Medium Term Financial Strategy	1
• Introduction	1-5
• Outturn 2023/24	6-9
• MTFS Assumptions	10-16
• 5 Year MTFS Assumptions	17-19
Government Funding	20
• Provisional Settlement	20-21
• New Homes Bonus	22-25
• Business Rates Retention	26-31
General Fund Revenue Budget	32-38
Reserves	39-55
Council Tax Base	56-60
Council Tax	61-70
Collection Fund	71-76
Appendix 1 – Base Changes to MTFS	

Medium Term Financial Strategy 2024-29

Introduction

1.The Corporate Strategy requires that the Council is committed to seeking innovative financial solutions that will allow the Council to deliver a prosperous borough to its residents, businesses and visitors.

In this context the Medium Term Financial Strategy (MTFS) seeks to:

- Maintain a sustainable financial position against a background of unprecedented financial uncertainty.
- Support the vision of our Borough through appropriate identification of resources required to deliver the key priorities outlined in the Corporate Strategy.
- Maximise opportunities and mitigate risks associated with the fundamental change to the way in which local government is financed.

2.This section sets out the key considerations for the MTFS through to 2028/29. The forecasts should be treated with caution because:

- The Provisional Settlement for 2024/25 is for one year only.
- A New Homes Bonus allocation has been made for 2024/25 but a review of the scheme is planned for 2025/26. The 2024/25 allocation is solely for that year.
- In the Provisional Settlement announcement there was no reference to the Fair Funding Review or Business Rates Review. There is therefore an assumption of no change in the methodology of distribution of Government funding and maintenance of the existing Business Rates system.
- There is uncertainty regarding the financial impact of inflation and interest rates, that remain relatively high, though falling. The budget has been prepared on the basis of economic advice regarding future projections, but these could change, especially given the relatively volatile macro-economic environment.

3.Taking the above into consideration, the assumptions used to forecast future income and expenditure are prudent and realistic.

4.The additional cost pressures of inflation and interest rates have been mitigated in year which means that the 2023/24 forecast is to break even.

5.The Council has an ambitious agenda in a current volatile financial climate. The Council aims to continue to deliver and enhance the services it currently provides. The MTFS is expected to utilise reserves in 2026/27 and further savings, efficiencies and income generation will be required. The current position is outlined below.

Table 1 – General Fund Summary

	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Budget	P9 Forecast	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund Net Expenditure	9,159	10,357	10,419	10,817	11,033	11,917	12,355	12,621
Total Funding	9,159	10,246	10,419	10,817	11,033	11,183	11,407	11,638
Deficit/(Surplus)	0	111	0	0	0	734	948	983
Use of Earmarked Reserves	0	0	0			734	948	983
Deficit/(Surplus)	0	111	0	0	0	0	0	0
Working Balance b/fwd								
	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874
(Deficit)/Surplus	0	(111)	0	0	0	0	0	0
Working Balance c/fwd	2,874	2,763	2,874	2,874	2,874	2,874	2,874	2,874
Mitigation reserves balance	6,207	6,207	6,207	6,207	6,207	5,473	4,525	3,542

Outturn 2023/24

6. The Medium-Term Financial Forecast reflects the latest outturn projections regarding the delivery of the 2023/24 budget.

7. The forecast outturn for 2023/24 is to break even. The result of this means there will be no impact on the working balances or mitigation reserves. This position is 111k better than budgeted at the start of the year. Even though the council has been impacted by the cost-of-living crisis and high inflation on insurance, contracted services, repairs and maintenance costs, the council have managed to mitigate this by gaining a greater return on our investments, overachieving on vacancy factor and savings on utility bills.

8. The Council continues to achieve a vacancy factor that is higher than budgeted. This is a mixture of posts being difficult to recruit, in light of the national backdrop regarding pay differentials between the private and public sector, as well as posts being held vacant pending service reviews. The council has a vacancy factor target of £673k but is currently forecasting to be £897k underspent on staffing. The council has overachieved this target by £224k.

9. The council has been able to make savings on utility bills as costs have dropped during 2023 and managed to lock into cheaper rates than were applicable in 2022.

10. Income pressures associated with the longer-term impact of COVID-19 are reducing. Parking income is returning closer to pre pandemic levels. Commuters are working more frequently on a hybrid basis; season ticket income has declined with a reduction in renewals. However, we are seeing income for hourly tickets increase with the increase in fees and charges and more parking income at King Georges Playing fields, since the new pavilion has opened

Medium Term Financial Strategy Assumptions

10. The key elements of the forecast are explained in detail as follows:

- Revenue Budget from paragraph 32
- Capital Programme (Appendix C)

11. The following key areas support delivery of the MTFs and have been considered during the development of the budget:

- Fees and Charges
- Value for Money
- Inward Economic Development
- Asset Management

12. The Council continues to transform the way that it delivers services for the foreseeable future to ensure financial sustainability and the identification of resources for investment in key priority areas identified in the Corporate Strategy, which are currently:

- Growing our Economy
A thriving borough that welcomes a wealth of business and culture
- Protecting our Environment
Developing a clean and green environment for everyone to enjoy.
- Developing our Communities
Safe and strong communities where the residents live happy, healthy, and independent lives.
- Improving Housing
Access to a range of decent homes that meet local needs.
- Delivering an Efficient and Effective Council
An ambitious and innovative council that delivers quality services.

13. The Council is continuing to develop its MTFs to deliver the Corporate Strategy outcomes while maintaining working balances and mitigating risk. This will be addressed primarily through:

- Service redesign and delivery of service strategies
- Maximising income generating opportunities.
- A focus on supporting inward economic investment.
- Continuously reviewing fees and charges to ensure full cost recovery, where this is not possible reviewing how the associated services are delivered to reduce costs or accepting a discounted charge in return for an appropriate community benefit.
- Optimising the Council's use of technology to enable new ways of working and improving service quality for our residents.
- Ensuring the Council's assets are used efficiently and effectively.
- Reviewing the Council's capital programme and funding thereon.

14. The MTFS includes allocations for savings to be delivered through process reviews as well as making allowances for business case development and delivery.

15. The Section 151 Officer will make a statutory assessment of the adequacy of reserves, taking into consideration the risk and uncertainties facing the Council, which will be included in a separate statement.

16. This includes an assessment of the risks posed by the Council's ambitious investment approach to meeting resident needs and financial imperatives. Given potential volatility in the Council's income and expenditure and the inherent risks and uncertainties in the assumptions used to prepare the MTFS, it is necessary to ensure that reserves and contingencies are maintained at adequate levels throughout the forecast period (see Reserves section).

Five Year Medium Term Financial Strategy

17. A five year forecast for the General Fund is set out below. The 2024/25 budget is balanced, ensuring the working balance remains at current levels. The 2025/26 position is also balanced. Although efficiencies will be delivered over the medium term, some use of reserves is projected for 2026/27 and beyond. It should be noted that forecasts beyond next year should be treated with caution due to the extreme uncertainty over the funding position from 2025/26 onwards.

18. The base assumptions used to arrive at this conclusion are shown below and correlate with the table.

- **Realigning** - Services budgets have been realigned to ensure the base budget correctly reflects the current service provision.
- **Inflation** – The last MTFS applied 4% inflation, which has been increased to 6.7% inflation, an increase of 2.7% for 2024/25. There are instances such as insurance where a specific inflation rate has been applied. For future years, inflation of 2% has been applied, which is the Bank of England's target for inflation.
- **Staffing costs** – Assumed 2% for future pay awards which is in line with the previous MTFS. The changes are due to structure & position changes with the last year.
- **Income** - increases associated with service income targets. Includes increases associated with fees and charges by inflationary costs, revisiting demand and ensuring a cost recovery basis.
- **Funding** - Funding adjustments considering the Provisional Local Government Finance Settlement.
- **Growth** - required to budgets as per bids submitted by budget managers.
- **Savings** – proposed initiatives from services.
- **Reserves** – Contributions to/from Earmarked Reserves. There has been a large reduction in the use of in borough regeneration. As the capital programme has slipped and borrowing will not be as high, there is no need to use this over the next two years.
- **Non Service** – Predominantly Capital Financing. Interest on borrowing for funding the capital programme is reviewed annually and updated on revised business and project

plans. Minimum Revenue Provision is recalculated based on the policy as set out within the Capital and Investment Strategy. Due to capital programme slipping and other funding for capital programme, there has been a reduction in these costs.

19. Assumptions are an estimate at a point in time. Assumptions are provided in the context of uncertain cost pressures and future Government funding.

Table 2 - Summary of changes to the Base Budget

	2024/25 £'000	2025/26 £'000	2026/27 £'000
Funding Gap b/wd	249	0	0
Add:			
Realigning	56	159	262
Inflation	244	243	264
Staffing costs	141	68	355
Increase in Income	(545)	(550)	(550)
Funding Adjustments	(872)	(872)	(1,058)
Pressure	1,207	1,241	1,252
Savings	(854)	(856)	(847)
Reserves	1,116	1,402	1,402
Non-Service	(741)	(835)	(347)
Total	0	0	734
Revised Working Balance b/wd			
	2,874	2,874	2,874
(Deficit)/Surplus	0	0	(734)
Use of earmarked reserves			734
Revised Working Balance c/wd	2,874	2,874	2,874

*Appendix 1 details changes made to the base budget to arrive at the revised budget and forecast.

** Please note there are no changes to base budget for 2027/28 and 2028/29 as there was no base budget set for those years. Previous MTFS was set for only 3 years.

Government Funding

Provisional Local Government Finance Settlement

20. The Provisional Local Government Finance Settlement for 2024/25 was announced on 18 December 2023.

21. Key headlines from the settlement are outlined below:

- **Council Tax** - The provisional settlement confirmed districts/boroughs will be allowed to apply the higher of the referendum limit of 2.99% or £5.
- **New Homes Bonus** - The 2024/25 New Homes Bonus allocations have been announced. As last year, there will be no legacy payments for the 2024/25 in year allocations. The deadweight of 0.4% was maintained. Brentwood's allocation is £344,204.
- **Negative RSG** - As in previous years, the government has decided to eliminate negative RSG amounts, so there is no direct detrimental impact on the Borough's funding.
- **Business Rates** – Whilst there are changes to reliefs and valuations for 2024/25, these are projected to have no net effect on council funding.
- **Services Grant** – There is an allocation of £10,559 in 2024/25. The Services Grant has reduced nationally, and for Brentwood.
- **Funding Guarantee** – The Government introduced a funding guarantee in 2023/24, to ensure that each authority receives at least a 3% increase in Core Spending Power before any Council Tax increase (signalled to be increasing to 4% in the Final Settlement). Brentwood will receive an allocation of £725,419. This may be subject to an increase in the Final Settlement.
- **Revenue Support Grant** – An allocation of £73,665 will be provided.
- **Local Government Funding reform** – The Fair Funding Review and Business Rates Review have been postponed to a future date.

New Homes Bonus Grant

22. The New Homes Bonus was introduced from 2011/12 as a financial incentive and reward for housing growth. The grant is based on a national average Council Tax value of additional homes including any properties brought back into use. There is also an additional premium for affordable homes. The original grant was payable for 6 years.

23. The grant for 2019/20 onwards was based upon 4 years, but it is now paid as a one-off annual amount, and the scheme will now also only reward net growth in homes above 0.4% per annum.

24. The government has restated its intention to review and reform the scheme but no details have yet been provided as to future funding.

25. Since its introduction in 2011/12, the Council has used the New Homes Bonus to support the General Fund Budget and this will continue in 2024/25.

Business Rates Retention

26. The Business Rates retention figure represents the Council's share (40%) of the total amount collected from local businesses, +/- a top-up/tariff amount. The estimated amount for 2024/25 and future years is outlined below. The figures include payments from the Government to bring the Council up to Safety Net level (92.5% of the Business Rates Baseline).

Table 4 – Business Rates

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Business Rates	1,634	1,788	1,788	1,788	1,834	1,861

27. These amounts include a provision for losses resulting from any successful appeals by rate payers against the rateable value of their properties. Appeals are dealt with by the Valuation Office Agency and their success or failure is beyond the Council's control.

28. The figures do not assume a reset of the Business Rates baseline in future years as the timing of a reset is uncertain. Additionally, we have estimated the base will increase - there is no guarantee this will happen but it is our best estimate based on what we do know.

29. The pressure currently facing the Council in respect of Business Rates is due to the ongoing trend of offices being converted to flats as well as primary employers leaving the Brentwood area, which has resulted in a loss of business rates yield.

30. The Council is not currently part of the Essex wide Pool for Business Rates. By pooling, any levy payments that would have been made to Central Government in relation to Business Rates growth can be saved and distributed to the members of the pool. However, because Brentwood has not generated growth and has entered the Safety Net, it makes financial sense for both the Council and the Pool to be taken out of the Pool. No additional income has been budgeted for 2024/25 due to the uncertainty of future Business Rates income and the pool position.

Total Government Funding

31. A table summarising the Medium Term Financial Strategy's Total Government funding arising from the Local Government Finance Settlement since 2017/18 and Business Rates is shown below.

Table 5 - Summary of Government Funding

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	233	Nil	Nil	Nil	Nil	NIL	NIL	74
Tariff-Top Up Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
News Homes Bonus	1,155	410	678	688	529	713	450	344
Lower Tier Service Grant	Nil	Nil	Nil	Nil	71	74	Nil	Nil
Covid-19 Funding	Nil	Nil	Nil	982	309	Nil	Nil	Nil
Service Grant	Nil	Nil	Nil	Nil	114	114	64	11
Funding Guarantee	Nil	Nil	Nil	Nil	Nil	Nil	453	725
Total	1,388	410	678	1,670	1,023	901	967	1,154
Business Rates Retention	1,798	2,220	1,800	1,634	1,535	1,535	1,634	1,788
Business Rates Levy Account	Nil	Nil	25	Nil	Nil	Nil	Nil	Nil
Total	3,186	2,630	2,503	3,304	2,558	2,436	2,601	2,942

The table above highlights the continuous financial pressures the Council faces as funding has declined. There was some Revenue Support Grant in 2023/24 and 2024/25 but it is not comparable to previous years' grant.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gov funding	1,388	410	678	1,670	1,023	901	967	1,154
Business Rates	1,798	2,220	1,800	1,634	1,535	1,535	1,634	1,788
Council Tax	5,715	5,969	6,199	6,384	6,438	6,589	6,930	7,193
Total funding	8,901	8,599	8,677	9,688	8,996	9,025	9,531	10,135
September CPI	3.00%	2.40%	1.70%	0.50%	3.10%	10.10%	6.70%	N/A
Funding with inflation	8,901	9,168	9,388	9,548	9,595	9,893	10,892	11,622
Real v inflation figures	0	569	711	(140)	599	868	1,361	1,487

This table shows how far Brentwood's funding has fallen behind inflation. For 24/25, the projection is to be down £1.487m if funding had risen in line with inflation.

General Fund Revenue Budget

32. The summary revenue budget and forecast for the budget is outlined below:

Table 6 – General Fund Revenue Budget

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Growing Our Economy	1,278	1,296	1,314	1,299	1,327
Protecting Our Environment	6,111	6,158	6,124	6,057	6,186
Developing Our Communities	(3,636)	(3,608)	(3,577)	(3,541)	(3,616)
Improving Housing	105	114	124	123	125
Efficient & Effective Council	3,407	3,448	3,615	3,579	3,654
Total Corporate Priorities	7,265	7,408	7,600	7,517	7,676
Total Non-Service Expenditure	2,719	3,162	3,647	4,169	4,276
Total Cost of Services	9,984	10,570	11,247	11,686	11,952
Transfer to/(from) Reserves	151	(254)	(12)	(12)	(12)
Total Spending Requirement	<u>10,135</u>	<u>10,316</u>	<u>11,235</u>	<u>11,674</u>	<u>11,940</u>
Funding					
New Homes Bonus	(344)	(344)	(344)	(344)	(344)
Business Rates Retention	(1,788)	(1,788)	(1,788)	(1,824)	(1,861)
Other Non-Specific Grants	(85)	(85)	(85)	(85)	(85)
Minimum funding Guarantee	(725)	(725)	(725)	(725)	(725)
Council Tax Requirement	(7,193)	(7,374)	(7,559)	(7,748)	(7,942)
Total Funding	<u>(10,135)</u>	<u>(10,316)</u>	<u>(10,501)</u>	<u>(10,726)</u>	<u>(10,957)</u>
Total Deficit/(Surplus)	0	0	734	948	983
General Fund working balance Brought Forward	2,874	2,874	2,874	2,874	(2,874)
Total (Deficit)/Surplus	0	0	(734)	(948)	(983)
Use of GF mitigation reserves	0	0	734	948	983
Mitigation reserves balance C/F	6,207	6,207	5,473	4,525	3,542
General Fund working balance Carried Forward	2,874	2,874	2,874	2,874	2,874

Saving Targets within the Revenue Budget

33. Taking into account known pressures and reduced real-terms income, the Council recognises that further Initiatives are required in order to bring the future Reserves above the minimum level to continue to keep the Council financially sustainable.

34. Included in Table 7 are the current saving targets built within budget for 2024/25 and future years.

Table 7 - Proposed Saving Targets

	2024/25	2025/26	2026/27	2026/28	2026/29
Proposed Saving Targets	£'000	£'000	£'000	£'000	£'000
Corporate Vacancy Factor	(686)	(686)	(686)	(700)	(714)
Capitalisation Staff Costs	(50)	(50)	(50)	(51)	(52)
Total Efficiency Targets	(736)	(736)	(736)	(751)	(766)
Service income generation	(100)	(100)	(100)	(102)	(104)
Total Income Generation Targets	(100)	(100)	(100)	(102)	(104)
Debt Servicing savings	0	0	(240)	(480)	(480)
Total Saving Targets	(836)	(836)	(1,076)	(1,333)	(1,350)

Summary of these savings targets are detailed below:

Corporate Vacancy Factor/Organisation Review – to align budgets and encourage managers to deliver a natural saving when recruiting new members of staff. Delay in recruitment processes with no detriment to the service can achieve a saving on the establishment as the role is funded for a full year. Undertake an organisational review on the establishment to ensure the resources best meet the organisation requirements to deliver the Corporate Strategy whilst making pay scales competitive within the County. Vacancy factor has been kept at 5% due high number of vacancies and difficulties to recruit.

Capitalisation of Staff Costs – Correct time recording can allow staff members costs to be capitalised if their time is spent on a specific capital project.

Service Income Generation – Multiple targets agreed with services to increase income.

Debt servicing savings – targets have been established to reduce the need to borrow, which in turn reduces the cost of interest and Minimum Revenue Provision. Some £8m has been assumed to be removed from the medium term borrowing requirement. This will be achieved by a combination of a review of large capital projects, to ensure they still deliver key benefits but at a reduced cost; and through asset sales which will generate a capital receipt which can be used to replace borrowing (or repay debt).

Addressing the future Funding deficits

35. Dealing with one year funding settlements is a challenging situation and does not give enough time for the Council to react or plan over the medium term. However, the Council

recognises the need to strive to set a balance budget, which will require reducing costs and raising revenue for future years in order to reduce the forecasted deficits. Forecasts will continue to be refined through future budget setting cycles.

36. All services will need to continue to drive through efficiencies and continually review their working practices and operations to deliver efficiency and effectiveness as part of the Council's Corporate Strategy.

37. Although there are future year deficits forecast, the strategic partnership with Rochford District Council will enable savings and these are factored into the MTFS.

38. The Council has increased its property portfolio to manage and maintain regeneration within the Borough and to contribute to the General Fund over the longer term. The period covered by the MTFS will see the creation of an increased portfolio that is forecast to generate rent income. Some of this rent income already supports the budget, but it is projected to grow over the next 3-5 years. This benefit is offset by inflation increasing the cost of delivering income-generating assets, as well as the higher cost of borrowing additionally eroding the potential business case for a project. These factors are addressed through the delivery of debt servicing savings above, as well as a review of the value for money offered by the Council's development partnerships.

Reserves

Background

39. Section 5 of the Council's Financial Regulations sets out the arrangements for managing and establishing reserves. Section 32 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their Council Tax Requirement.

40. The Section 151 Officer is responsible for providing advice so that decisions taken on reserves represent proper stewardship of public funds. Reserves should be set at a level at least sufficient to meet any unexpected increase in expenditure or shortfall in income in the ensuing year that cannot be met from within the approved budget. Any decision that fails to take into account this advice may require a report to be made to the Council under Section 114 of the Local Government Finance Act 1988.

41. 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 (included in Section 151 Officer's Assurance Statement).

42. The Act also provides an enabling power for the Secretary of State to specify a statutory minimum level of reserves (Section 26 of the 2003 Act). The level of reserves is also a factor the External Auditor will consider in appraising the Council's financial standing. In providing

advice to the Council on the level of reserves, the Section 151 Officer also has regard to professional guidance provided by CIPFA.

43. These safeguards are further reinforced through detailed scrutiny by our External Auditors, which includes a methodology to assess the financial performance and standing of the authority.

44. When reviewing the Medium Term Financial Strategy and preparing annual budgets, Members should consider the establishment and maintenance of reserves. These may be held for two main purposes:

- As a working balance (or unallocated reserve) to help cushion the impact of unexpected budgetary pressures.
- As a means of building up funds to meet known or predicted requirements and again to prevent significant fluctuations in net budget cost between years (earmarked reserves).

General Fund Reserves

45. General Fund reserves consist of several earmarked reserves, together with an unallocated general reserve (General Fund Working Balance). All reserves and balances form part of the General Fund but the Housing Revenue Account balance is specifically 'ring fenced' for use in connection with that account.

46. In addition to the cash-backed reserves described above, local authorities maintain several other reserves on the balance sheet. Some are required for statutory reasons and other reserves are required to comply with proper accounting practice. In either case these balances are not available for investment.

47. Reserve balances are determined each year with regard to the current risks prevalent and foreseen at that time. The Section 151 Officer's Assurance Statement sets out their view of the risks and uncertainties that the council is currently facing. The reserve balances at 1 April 2024 allows for the effect of the 2022/23 outturn position and the forecast outturn for 2023/24.

General Fund Working Balance

48. When determining the budget position for 2024/25 Members have to make a balanced judgement as to the level of unallocated reserves to set for general purposes at 31 March 2024 when considering the medium-term position. They should consider the Council's overall financial strategy for the year and the implications for the forward financial position. This is important given the uncertainties surrounding future years' expenditure and income levels, inflation, interest rates, legislative changes, partnership schemes, other external factors, level of Government grant and areas of identified risk.

49. Although there is no statutory minimum level of reserves, the level of the General Fund working Balances is reviewed annually as part of the budget process and an annual risk assessment is undertaken alongside the Council's strategic risk register. Given the overall levels of risk the Section 151 Officer considers that the General Fund working Balance should be maintained above £2 million when setting the budget for 2024/25. £2 million represents approximately 20% of the net spending requirement and approximately 5% of gross expenditure.

50. Although the Section 151's Assurance statement report on the adequacy of reserves is specific to 2024/25, the Council should bear in mind that adequacy should also be judged against longer-term plans.

51. The Council is currently predicting the continuation of significant financial pressures every year due to increased costs and uncertain Government funding. Whilst it is not feasible for the Council to rely on the use of reserves on an ongoing basis to balance its budget, it may apply reserves as part of a short-term strategy to manage, for example, a period of transition during which efficiency savings or income generation ideas are identified to provide longer-term solutions. Until the budgets for each year are balanced it is prudent for the Council to maintain a level of reserves in excess of the minimum recommended level. This is the approach that the Council is taking.

Earmarked Reserves

52. In addition to the General Fund Working Balance, the Council keeps several Earmarked Reserves on the Balance Sheet. These Reserves are required in order to comply with proper accounting practice, whilst others have been created to earmark resources for known or predicted liabilities.

The reserves are grouped as below:

- **Mitigation** – Earmarked specifically to mitigate financial risks to the Council.
- **Service** – Monies set aside for services from existing budgets to be used on specific investment Initiatives or projects.
- **Specific** – Monies that the Council has received that have specific restrictions on how the money can be used.

A summary table of each group is shown below followed by a detailed breakdown of every reserve in each group, as well as the rationale for each reserve.

Table 8a - General Fund Earmarked Reserve Forecast Balances - Summary

Reserve type	Opening Balance 2023/24 £'000	Forecast Balance 2023/24 £'000	Forecast Balance 2024/25 £'000	Forecast Balance 2025/26 £'000	Forecast Balance 2026/27 £'000	Forecast Balance 2027/28 £'000	Forecast Balance 2028/29 £'000
Mitigation	6,207	6,207	6,207	6,207	5,473	4,525	3,542
Service	1,932	1,780	1,708	1,708	1,708	1,708	1,708
Specific	960	927	665	653	641	629	617
COVID-19	373	0	0	0	0	0	0
Total	9,472	8,914	8,580	8,568	7,822	6,862	5,867

Mitigation Reserves

- a) **Funding Volatility** - Fund to mitigate the uncertainty and financial risks regarding the Government Funding
- b) **Housing Benefit Subsidy Smoothing** - To support the funding of subsidy claims
- c) **Insurance and Risk Management** – To support and mitigate high risks identified through the risk register.
- d) **In Borough Regeneration** – Specifically set aside to manage future financing risk on redevelopments.
- e) **Inflation & Finance mitigation** – To fund to mitigate inflation and rising financing costs.

Service Reserves

- f) **Asset Management** – Support Asset management team for reactive compliance works.
- g) **Economic Development** – To be drawn down in delivering the corporate strategy aim of growing the economy.
- h) **Electoral Registration** – fund to be utilised for any upcoming elections
- i) **High Street Fund** – Held to invest in improving the high streets, generating, and retaining economic growth.
- j) **Environmental Initiatives** – specifically set aside to support the green agenda for the Council.
- k) **Planning Enforcement** – To aid in supporting the planning enforcement work across the borough.
- l) **Service Investment and Initiatives Reserve** – to support the Council in mitigating one off costs against the agreed budget for any identified service investment or initiatives in year.

- m) **Leisure Contingency** – To support the interim direct management by the Council of the Brentwood Leisure Centre - Reserve has been reduce to zero as it has met the objectives of its purpose.
- n) **Legal Resource** – To support legal services with unexpected case work.
- o) **LGV Driver Training** – To fund mandatory CPC training for LGV drivers.
- p) **Digital, Customer & Comms** – To fund schemes such as customer service accreditation, customer contact training and development of social media engagement.
- q) **Rochford Partnership** – To set aside funding required for partnership.
- r) **Street Scene Initiatives** – To fund development of one-off initiatives within Street Scene service area.
- s) **Other Licences** – Pavement licence grant to be utilised during 2022/23
- t) **Corporate Training** – To fund investment in staff training and development.
- u) **Apprentice incentives** – To maintain a rolling programme of apprenticeships at the Council.
- v) **Staff recognition & Awards** - To recognise and celebrate staff achievements.

Specific Reserves

- w) **Duchess of Kent/ Nightingale** - To meet the cost of grounds maintenance at the new housing development at this site.
- x) **Health & Wellbeing** – Available for projects determined by the Brentwood health & Wellbeing board
- y) **Land at Hanover house** - To fund public open space improvements at land at Hanover House.
- z) **Neighbourhood Plan** – A carry forward of government grants to be used in the connection with Doddinghurst and West Horndon neighbourhood plans.
- aa) **Preventing Homelessness** – to aid in meeting the requirements of homelessness and any legislative changes
- bb) **Section 106** – For contributing to costs for public open space improvements; maintaining grounds from previous S106 receipts.
- cc) **Open Data Funding** - To support the anticipated additional work for DCN authorities related to open UPRN/USRN data
- dd) **Brentwood community Hospital** - To fund grounds maintenance of the former hospital site.
- ee) **Community Rights** – Government grant provided to assist in the implementation of the Localism act.
- ff) **New Corporate priorities** - To fund emerging new priority schemes
- gg) **Domestic Abuse funding** - To support initiatives to reduce domestic abuse
- hh) **CEV Funding** - To support the extremely vulnerable

Collection Fund Reserves

- ii) **COVID 19 Funding Volatility** – To mitigate any financial pressures on services caused by the COVID-19 pandemic, and to hold control balances of Government funding

Table 8b - General Fund Earmarked Reserve Forecast Balances

Reserve	Opening Balance 2023/24	Forecast Balance 2023/24	Forecast Balance 2024/25	Forecast Balance 2025/26	Forecast Balance 2026/27	Forecast Balance 2027/28	Forecast Balance 2028/29
Funding Volatility	1,320	1,320	1,320	1,320	1,320	838	0
Housing benefit Subsidy	150	150	150	150	150	150	150
Insurance and Risk Management	37	37	37	37	37	37	37
In Borough Regeneration	3,500	3,500	3,500	3,500	3,500	3,500	3,355
Inflation & Finance Mitigation	1,200	1,200	1,200	1,200	466	0	0
Total Mitigation Reserves	6,207	6,207	6,207	6,207	5,473	4,525	3,542
Asset Management	164	143	143	143	143	143	143
Economic Development	300	300	300	300	300	300	300
Electoral Registration	57	57	57	57	57	57	57
High Street Fund	200	200	200	200	200	200	200
Environmental Initiatives	182	182	182	182	182	182	182
Planning Enforcement	61	61	61	61	61	61	61
Service Investment and Initiatives	200	200	200	200	200	200	200
Leisure Contingency	72	72	72	72	72	72	72
Legal Resource	100	100	100	100	100	100	100
LGV Driver Training	10	10	10	10	10	10	10
Digital, Customer & Comms	134	119	119	119	119	119	119

Rochford partnership	189	72	0	0	0	0	0
Street Scene Initiatives	200	200	200	200	200	200	200
Other Licences	5	0	0	0	0	0	0
Corporate Training	46	52	52	52	52	52	52
Apprentice Incentives	9	9	9	9	9	9	9
Staff Recognition & Awards	3	3	3	3	3	3	3
Total Service Reserves	1,932	1,780	1,708	1,708	1,708	1,708	1,708
Duchess Of Kent/Nightingale	280	268	256	244	232	220	208
Health and Wellbeing	109	109	109	109	109	109	109
Land at Hanover House	10	10	10	10	10	10	10
Neighbourhood Plan	29	29	29	29	29	29	29
Preventing Homelessness	100	79	79	79	79	79	79
S106	7	7	7	7	7	7	7
Open Data Funding to LA's	1	1	1	1	1	1	1
Brentwood community hospital	40	40	40	40	40	40	40
Community rights	38	38	38	38	38	38	38
New corporate Priorities	250	250	0	0	0	0	0
Domestic abuse funding	69	69	69	69	69	69	69
CEV funding	27	27	27	27	27	27	27
Total Specific Reserves	960	927	665	653	641	629	617
COVID 19	373	0	0	0	0	0	0
Total COVID 19 - Specific Reserves	373	0	0	0	0	0	0
Total General Fund Earmarked Reserves	9,472	8,914	8,580	8,568	7,822	6,862	5,867

Utilisation of Reserves Vs Forecasted Deficits

53. Currently the balance on earmarked reserves is to reduce from £9,472k at the start of this year, to £5,867k by the end of 28/29, a reduction of £3,605. Some £373k of this reduction includes the utilization of COVID -19 grants, some of which is returned to Central Government. The majority of the rest of this reduction is to fund the budget gap between 2026/27 & 2028/29

54. The current MTFS forecasts a balanced budget in 2024/25 & 2025/26. There is a budget gap of £734k in 26/27, £948k in 2027/28 & £983k in 2028/29. Without any further savings it is planned to use reserves in these years to balance the budget.

55. Furthermore, there is an assumption that the reserves will only be utilized if there is a need for expenditure that cannot be met from the base budget. If there are no concrete plans to utilize the reserves or contribute to the reserves, it is prudently assumed that the balance will remain unchanged.

Council Tax Base

Council Tax Base calculation

56. Under section 33 of the Local Government Finance Act 1992 (as amended) and supporting Regulations, the Council must make an annual calculation of its tax base. The tax base is the total number of properties on which Council Tax will be charged expressed as a Band D equivalent, after allowing for discounts, exemptions and losses on collection. The method of calculation is prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

57. The tax base is used in the calculation of the Council Tax Requirement, to produce the standard amount of Council Tax for a Band D property, in relation to both the Borough and the major precepting authorities.

58. As in previous years, the calculation of the tax base has been amended to take account of the Local Council Tax Support (LCTS) Scheme. The replacement of Council Tax Benefit with LCTS effectively reduces the tax base as LCTS is provided as a discount against the Council Tax liability rather than a rebate which was previously repaid to the Council via Government Subsidy. For 2024/25, the tax base will increase to 34,141.1. The Council have continued with an assumed growth of 0.5%.

59. The calculation of the Council Tax Base for a given year includes an assumption of the percentage of amounts due which are actually collected. The forecast collection rate has been assumed as 98.0% and has been incorporated within the Medium Term Financial Strategy calculations.

Council Tax Reduction Scheme

60. The Council operates a banded scheme that is easier for customers to apply for and simpler for officers to administer. The basis of the reduction scheme is a calculation based on household income compared with household size, up to a maximum of 100%. The application process is through a simple intelligent online form which, once completed, will make it clear to the customer where they fall within the scheme.

The main elements of the scheme are:

- Entitlement is based on a banded table which compares household income and the members of a household
- Depending on the level of their net income and the household band they fall into,
- Working-age customers will receive a percentage reduction of either 100%, 75%, 50%, or 25% and if the customer or their partner are disabled or they have disabled dependent child resident
- Singles or Couples with more than 2 children will be restricted to a Council Tax Reduction as if having 2 children
- Residents with over £6,000 in savings are unable to claim

- Pension age customers remain protected
- Where an apprentice earns more than £195.01 but less than £300 per week and they are the only other adult in a property, they can be disregarded for Council Tax purposes for the term of their apprenticeship – this is to support single parents and school leavers into employment

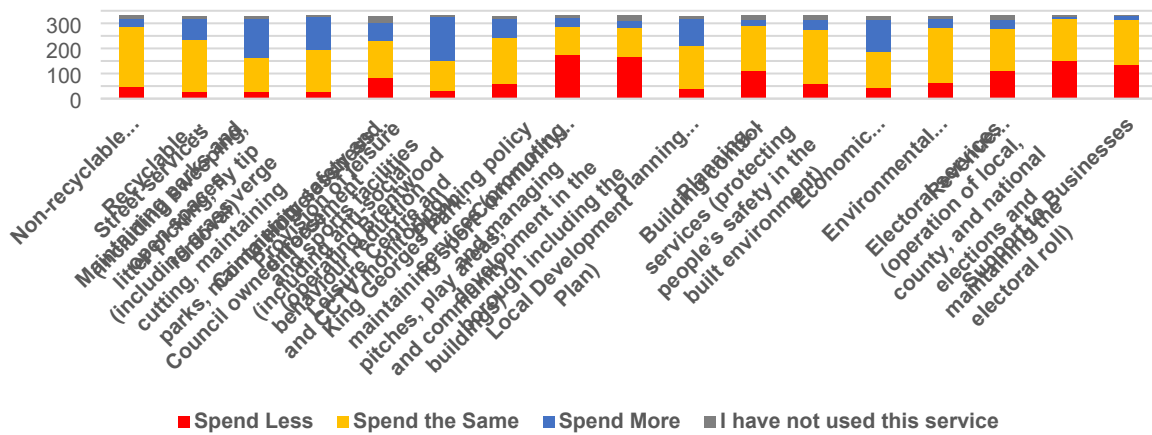
No changes from last year have been proposed.

Council Tax

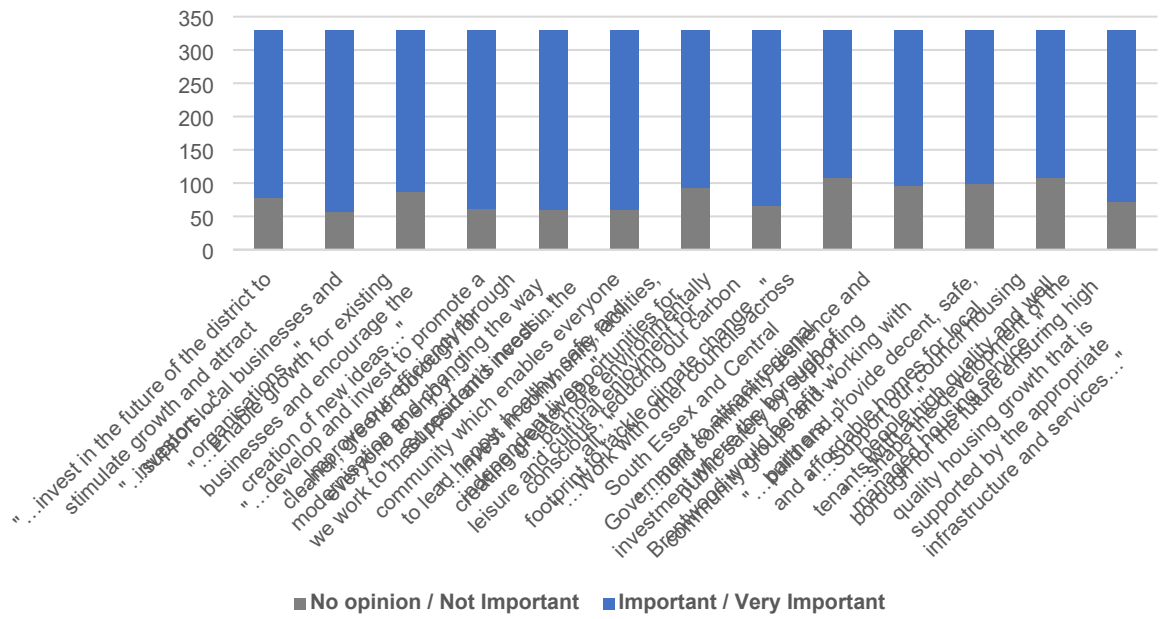
Budget and Council Tax Consultation

61. The Brentwood Borough Council Budget Consultation ran between 18th September and 29th October 2023 with paper submissions allowed up until 5th November. A total of 330 responses were received. The key headlines for the responses are:

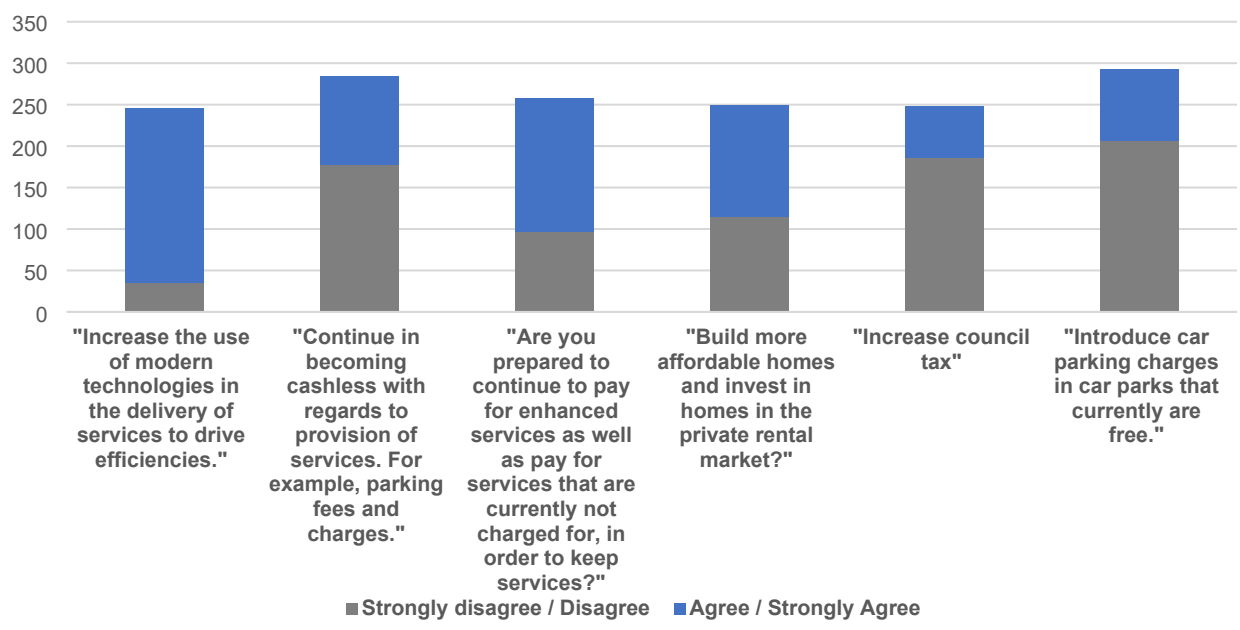
- Most people wanted to Spend the Same on all services. “Community safety and enforcement (including anti-social behaviour reduction and CCTV monitoring)” received the highest Spend More responses, whilst “Community development (including provision of community events Lighting Up, Strawberry Fair, and Family Fun Days)” received the highest number of Spend Less responses.



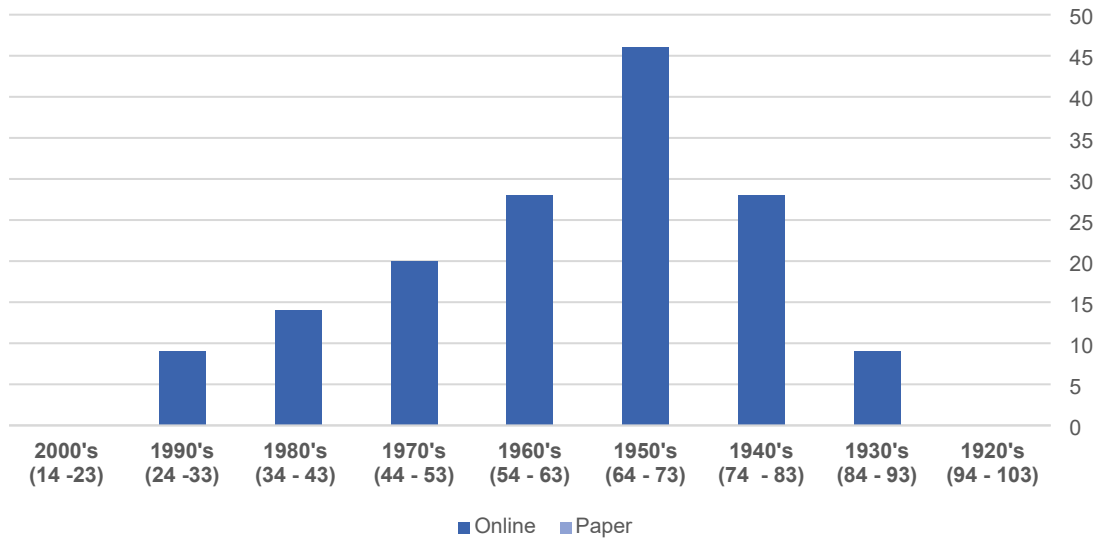
- The combined responses of Important and Very Important show that most residents felt that "...support local businesses and organisations..." was most important.
- When combining No opinion and Not Important, "...support our council tenants with high quality and well managed housing services..." and "...work with other councils across South Essex and Central Government..." were felt to be the least important of the business plan priorities.



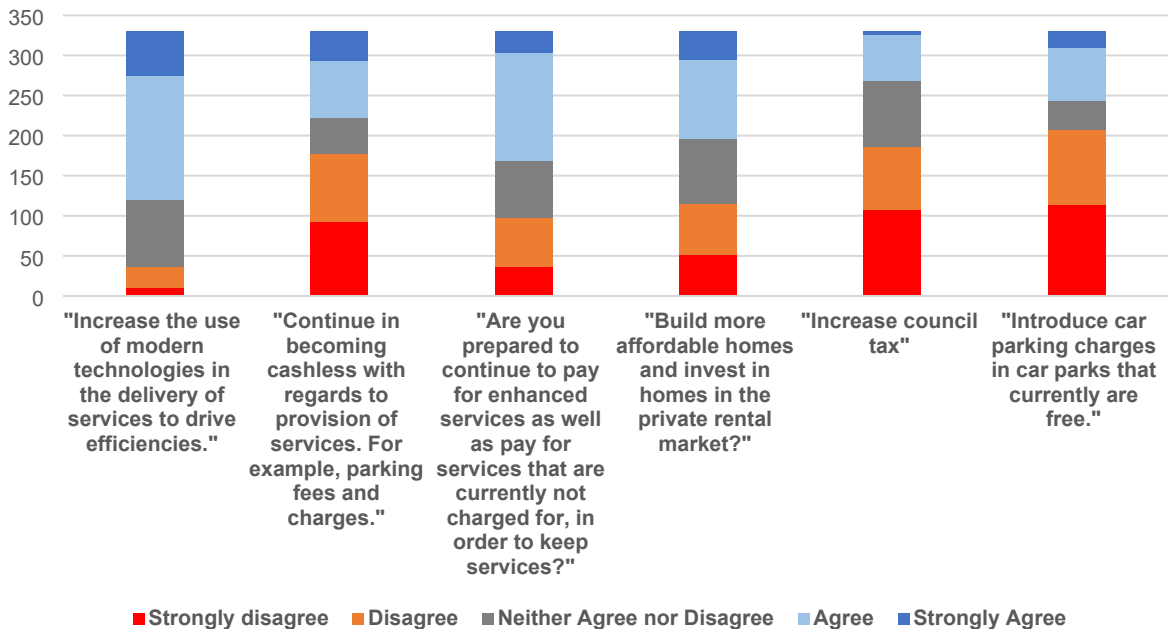
- The consultation included some suggestions on ways Brentwood Borough Council could raise money.
- When combining Agree and Strongly Agree, most residents opted for "Increase the use of modern technologies in the delivery of services to drive efficiencies."
- When combining Disagree and Strongly Disagree, most residents opted for "Introduce car parking charges in car parks that are currently free."



- Most responses came from people aged 64+, with all responses made online.



- "Introduce car parking charges in car parks that currently are free" received the highest Strongly Disagree and Disagree responses.
- "Increase the use of modern technologies in the delivery of services to drive efficiencies" received the highest Neither Agree nor Disagree response and also the highest Strongly Agree and Agree responses.



Council Tax Requirement

62. The Council must set its revenue budget and Council Tax Requirement on or before

11 March of the preceding year in accordance with a statutory formula set by Government as described below:

- The amount calculated by the authority under Section 31A of the Local Government Finance Act 1992 as its Council Tax Requirement for the year (this is the net spending on services adjusted for any movements in reserves and transfers to or from the Collection Fund in recognition of a surplus or deficit on that Fund, and includes town, parish and village council precepts);

divided by:

- The amount of the Borough's Council Tax Base calculated in accordance with the 1992 Act and relevant statutory instruments. The tax base for 2024/25 is 34,141.1 which assumes a 98.0% collection rate (inclusive of sums outstanding from prior years).

This will produce the Basic Amount of Council Tax for the year, which is the combined Borough and Parish Council Tax level at Band D.

63. The Council must then determine whether its 'relevant' Basic Amount of Council Tax, i.e. adjusted to exclude the element relating to parish precepts, is 'excessive'. The Secretary of State has indicated that, for 2024/25 for District/Borough councils, any increase of 3% or £5 (whichever is the greater) more than the equivalent figure for 2023/24 would be considered excessive.

64. If the Council determines that its proposed relevant Basic Amount of Council Tax is excessive, then it must also make substitute calculations that produce an amount which is not excessive and put both amounts to a local referendum. More information on this option is given below.

65. The council tax level consists principally of the Collection Fund precepts of the major preceptors and Brentwood Borough Council. This is the basic amount required by each authority to provide its budgeted level of service after allowing for government grant, use of reserves and that authority's share of any surplus or deficit on the Collection Fund. In addition to the precepts of the principal authorities, there will be further precepts for the nine parishes within the Borough of Brentwood.

66. The estimated balance on the Collection Fund at 31 March 2024 is required to be considered in the calculation of the Council Tax level for 2024/25. The calculation of the balance must be notified no later than 31 January to the major precepting authorities, who are each responsible for their share of any balance. Further information is given in the Collection Fund Section of this report.

Precepts and Council Tax Levels

67. The Council is required by law to approve a council tax requirement for the Council's services and to set the council tax to be levied in the Borough, after taking account of the following preceptors:

- Essex County Council - issues the largest precept on Brentwood's collection fund which means they receive around 70% of Council Tax (before local precepts). The County Council is scheduled to meet on 13th February 2024 to agree its precept.
- The Police, Fire and Crime Commissioner for Essex - is an independent body and is responsible for setting its own budget. Precepts for the Police and Crime Panel and Fire Service are yet to be set.
- Local Parish, Town and Village Councils. - are separate and autonomous bodies within the Borough that approve their own spending and precept levels for each financial year. The precept for each parish, town and village council has to be included as part of the Borough Council's net overall Council Tax requirement. They are added to the statutory calculation as an average for the Borough as a whole but are levied only in the areas of the Borough affected, according to their precept requirements. Where a precept demand has not been received by the date of the council tax setting meeting an anticipated amount is used as permitted by legislation.

68. Below is the projected Council Tax element retained by the Council per banding of property, which has been set at a 3% increase from 2023/24. These exclude any other precepts and parish precepts.

Table 9 – Proposed Brentwood Borough Council Bandings 2024/25

Band D Brentwood	A	B	C	D	E	F	G	H
2023/24	141.39	164.12	187.29	210.70	257.52	304.34	351.17	421.40

69. The table below compares Parish, Town and Village Council precepts for 2024/25 with 2023/24. This table will be updated for Full Council when all Parish Precepts have been received.

Table 10 – Comparison of Parish Precepts

Parish	Tax Base for Area Band D equivalent	Precept	Precept	Change
		2023/24	2024/25	%

		£	£	
Blackmore	1,516.80	102,695.00	104,962.00	2.21%
Doddinghurst	1,203.00	77,400.00	80,400.00	3.88%
Herongate	1,048.00	68,000.00	TBC	TBC
Ingatestone and Fryerning	2,423.30	191,503.00	197,248.00	3.00%
Kelvedon Hatch	1,069.80	94,620.00	TBC	TBC
Mountnessing	584.1	54,600.00	69,045.00	26.46%
Navestock	249.6	22,000.00	22,000.00	0.00%
Stondon Massey	337.1	37,433.00	39,304.00	5.00%
West Horndon	688.1	33,000.00	TBC	TBC
Total	9,119.80	681,251.00	TBC	TBC

70. The table below sets out all the Band D calculations across the major and local preceptors and shows the percentage change compared with 2023/24. This table will be updated for Full Council when all Parish Precepts have been received.

Table 11 – Proposed Band D Calculations

Parish	Band D 2023/24	Band D 2024/25	Change £	Change %
Brentwood Council Only	204.58	210.7	6.12	2.99%
Essex County Council	1,450.17	TBC	TBC	TBC
Police, Fire and Crime Commissioner for Essex	233.46	TBC	TBC	TBC
Essex PFCC Fire and Rescue Authority	80.28	TBC	TBC	TBC
Blackmore	66.75	69.2	2.45	3.67%
Doddinghurst	63.39	66.83	3.44	5.43%
Herongate	64.10	TBC	TBC	TBC
Ingatestone and Fryerning	79.05	81.4	2.35	2.98%
Kelvedon Hatch	86.32	TBC	TBC	TBC
Mountnessing	90.71	93.48	2.77	3.05%
Navestock	88.21	88.14	-0.07	-0.08%
Stondon Massey	108.63	116.59	7.96	7.33%
West Horndon	46.99	TBC	TBC	TBC

Collection Fund

Background

71. The Collection Fund is the account into which all council tax and business rate income is paid before being distributed to precepting authorities and central government. It is managed by this Council as the billing authority.

Within the Collection Fund, the accounts for council tax and business rates are separated.

Distribution of Collection Fund Balances

72. Council Tax and Business Rate income for any particular year is distributed over a three-year cycle based on information known at the time of calculating the Council Tax Requirement.

73. A surplus on the Collection Fund arises when actual income collected is greater than the original estimate; conversely when, actual income is lower than estimated a deficit on the Collection Fund occurs. This surplus or deficit is distributed at a later stage with the difference between the original estimate and the revised estimate normally being accounted for in the following year and the difference between the revised estimate and the actual outturn being accounted for in the year after that.

74. These are still be calculated and will be reported at Council.

Appendix 1 – Detail of Base Changes to MTF5

	24/25	25/26	26/27	Comments
Total	(249)	0	974	
Realigning	(55)	45	148	
Fly tipping service	0	0	0	70k staffing pressure offset by 70k extra income
Utility bills	12	12	24	Adjusted utility bills to match usage after readings
HB Realignment	20	34	112	Housing benefit realigned
Other	(87)	(1)	12	Smaller changes to reflect virements and activity
Inflation	257	258	278	
Insurance premiums	85	85	85	Increased 20-30%
Allowances	12	12	12	Increased 2% across staffing and members
Contracted services	69	70	90	Increases in line with contracts
R&M	45	45	45	Increased by in line with CPI
Water	8	8	8	Increases to water bills
Fuel	9	9	9	Increases in line with fuel increases
General	16	16	16	Other small increase
Rents & Leases	13	13	13	Increases in line with contracts
Income	(527)	(529)	(529)	
Strategic assets	(211)	(211)	(211)	Increase due to rent increases at Childerditch
Fees & Charges	(316)	(318)	(318)	Impact of F&C increases
Pressure	1,015	973	1,281	
One team savings pressure	423	454	475	Removal of remaining one teams saving targets
SAIL Recharge	256	256	256	Reduction in SAIL recharge
Software	45	45	45	Software licence and support increase
Town Hall service charges	60	60	60	Town hall service charges increases in line with management company budget
Parking charges	35	35	35	Bank charges for parking increase

Staffing	141	68	355	Staffing changes - most notably changes for Refuge drivers from D to E
Engagement HQ	15	15	15	Engagement HQ
Magazine	40	40	40	Corporate priority for new magazine
Savings	(441)	(441)	(441)	
Energy cost savings	(441)	(441)	(441)	Cheaper rates on new contract
Other	0	0	0	Small changes under £500
Non Service	(804)	(897)	(412)	
Insurance premiums	8	8	8	Insurance premiums for investment assets
Investment income	(50)	(50)	(50)	Increase in interest rates
MRP	(460)	(405)	(346)	SAIL paying capital repayments contribution to our MRP and then MRP grows
Realigning budgets	(28)	(28)	(28)	Smaller changes to reflect virements and activity
Interest payable	(292)	(459)	(53)	Reduction to reflect changes in funding of capital programme
Interest receivable	18	37	57	Less interest received from SAIL loan as they make capital repayments
Reserves	1,116	1,402	1,644	
Transfer from reserves	952	1,450	1,692	Not drawing down on reserves to fund financing of capital programme
Transfer to reserves	164	(48)	(48)	Transfer to reserves in 24/25 to fund deficit in 25/26. Then reduced contribution
Funding adjustments	-810	-811	-995	
Minimum funding guarantee	-725	-725	-725	Continuation of funding guarantee from Centre go
Council tax increases	-20	-21	-205	Increase in 3rd year more is because 26/27 base was set at 25/26
New homes bonus	-344	-344	-344	NH bonus now budgeted
Business rates retention	-254	-254	-254	Increase in baseline

Change in grants	533	533	533	Change in grants from what was budget before. Over grants increased
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