Hackney

Title of Report	2024/25 BUDGET AND COUNCIL TAX REPORT	
Key Decision No	FCR S097	
For Consideration By	Cabinet and Council	
Meeting Date	Cabinet 26 February 2024 And Council 28 February 2024	
Cabinet Member	Mayor Caroline Woodley	
Classification	Open	
Ward(s) Affected	All Wards	
Key Decision & Reason	Yes	To set the 2024/25 Council Tax Rate and the 2024/25 General Fund Revenue Budget
Implementation Date if Not Called In	6 March 2024	
Group Director	Jackie Moylan, Interim Group Director of Finance	

1. MAYOR'S INTRODUCTION

1.1 My first budget as Mayor of Hackney comes in hugely difficult financial circumstances, with the long-term impact of growing demand, rising costs and over a decade of government underinvestment putting immense pressures on local services across the country. That's why I'm proud to present an ambitious budget that not only balances the books at a time when so many councils like ours are struggling to do so, but also shows that we can continue to work together for a better Hackney in challenging times.

1.2 This budget comes off the back of sustained cuts. Excluding Council Tax, our core spending power is £156m, or 40%, in real terms less than in 2010-11. Once again, this year's funding is set through a one-year settlement from the government and a proliferation of one-off grants, rather than the sustainable, long-term funding we need to plan and provide the services our residents deserve.

1.3 Demand for, and the cost of delivering, these services has never been higher, particularly in some of the most critical areas like social care, homelessness and special educational needs. Without adequate additional funding, we now have to plan for an even greater proportion of our resources to be spent in these areas.

1.4 The decision to propose a 4.99% increase to the Council's element of Council Tax during a cost-of-living crisis is not one taken lightly. However, the additional £5m it raises is vital for those who rely on the services the Council provides and adds around £1 a week to the bill for a Band B property, maintaining one of the lowest Council Tax rates in London.

1.5 We have at the same time increased the maximum Council Tax discount for working households on low incomes from 85% to 90%. That's two years ahead of the timeline set out in our manifesto, and a big step towards our goal of offering those who need it most a 100% discount on Council Tax by 2030. Through our pioneering Money Hub, we will continue to ensure every resident gets all the help they're entitled to, whether through council tax support, crisis payments, discretionary housing payments or other benefits.

1.6 Protecting frontline services, and Hackney's most vulnerable residents, will always be my number one priority. Although our financial position is challenging, we can still invest in a fairer, safer, greener, healthier borough, work for every child in Hackney and make our borough an exciting place to grow up and age well.

1.7 To work towards a fairer Hackney, we will continue to spend £4.7m on our award-winning employment and lifelong learning efforts, ensuring local people are first to benefit from the huge opportunities in our borough. We will also maintain our capital programme, including over £50m on maintaining and improving our Council homes, and £94m towards our 1,000 new Council homes target, with 182 social rent homes starting and 49 completing this year.

1.8 To create a safer Hackney, we will spend over £12.3m on programmes like the Community Gangs Team — a partnership approach to supporting people out of violent crime alongside the police, probation service and public health partners – and our enforcement teams tackling anti-social behaviour on estates and in green spaces. We will help businesses to create safe spaces through the Hackney Nights accreditation scheme, and prevent vulnerability with schemes such as "Ask for Angela" which aligns with the Council's commitment to ending violence against women and girls, and upholds Hackney as No Place for Hate, standing up against all forms of racism and prejudice, including antisemitism, Islamophobia, homophobia, transphobia, hatred towards travellers, disability discrimination and ageism.

1.9 To build a greener, healthier Hackney, we will make £55m in capital investments towards our net zero ambitions in the next year, supplemented by external funding streams including the £18.1m secured this year. This includes £20.7m in retrofit and housing improvements, £10.7m decarbonising other buildings, £6.9m on schools projects, £5.9m on streets and public spaces, £3.9m greener vehicles, £1.9m on a solar panel pilot and £1.3m on cycle hangers. We will also spend a further £16m on community investment and amenities, maintaining Hackney's 58 parks and seven sport and leisure centres, including £1.7m in refurbishing play areas and over £2m to progress the transformation of Kings Hall Leisure Centre.

1.10 To work for every child in Hackney, we will spend over £85.4m on our network of children's centres, our early intervention and prevention services, supporting our schools to create an inclusive, high-performing education system and looking after children where they cannot be cared for within their family networks. During 2023-24 we revisited children's centre provision across the borough to ensure it delivers the best service possible, expanding four centres into Children and Family Hubs, receiving a report from the former Mayor's commission into affordable childcare, and securing an independent review focused on sustainability of the service. We have recently launched a consultation on proposed changes to ease pressures and secure a sustainable network of provision into the future.

1.11 We will continue to invest £10.2m on youth and early help services for families, including our four youth hubs and six adventure playgrounds, and put £21m capital investment in our school buildings, including increasing provision for special educational needs and disabilities in the borough, creating an additional 300 places for children with SEND in Hackney. And for our older residents, we will continue to deliver on the ambitions of our ageing-well strategy by transforming adult social care, giving a voice to our older and disabled residents, and maintaining our commitments as a dementia-friendly borough.

1.12 Finally, despite the cost pressures, we have worked to sustain limited additional resources on projects to support these priorities, including continuing our commitment to be a Right to Food borough and deliver on our Food Poverty Action Plan, expanding our Zero Emissions Network across the whole of Hackney, developing new planning guidance on green infrastructure, and continuing the 10 by 10 Programme to ensure by the time they are 10 years old, every child in Hackney has access to at least ten different activities. We will also launch our local green investment scheme to enable local residents to invest in the decarbonisation of our borough.

1.13 Presenting a balanced budget in these circumstances has been a huge challenge, and we know there are more challenges to come. We expect to have to find a further £22.5m in savings in 2025-26, rising to a cumulative £34.6m and then £52.3m in the following two years. We aim to meet as much of this shortfall as possible through transforming our services and doing more for less. But there will inevitably be some hard choices to make, and we will make these in a way that measures, understands and minimises the impact on our residents. That's why we'll keep making the case to the Government for additional funding to minimise these shortfalls, just as we have helped secure councils an additional £600m in this year's funding and are now pushing for the vital Household Support Fund to be extended beyond March.

1.14 We can only achieve these ambitions, and meet our legal obligation for a balanced budget through sound financial management, working with an excellent team of Council officers and councillors. I would also like to thank Cllr Chapman, my Cabinet and councillor colleagues, especially on Scrutiny and Audit committees, the Interim Group Director for Finance and her entire team for their work on the budget report, as well as the continued work to maintain the financial resilience of the Council. I would also like to thank the Corporate Leadership team for their tireless work on the budget and maintaining services across the Council. There has also been extensive work with the Chairs and members of Scrutiny and Audit to ensure pre-budget engagement on these proposals. A special mention also goes to the former Group Director for Finance and Corporate Resources, Ian Williams, who left us in the summer to take up a new challenge in Liverpool. Without his tireless efforts and sound advice over a period of more than 15 years I would not be presenting this sound and ambitious budget for the forthcoming year.

1.15 This is an ambitious, Labour values driven budget that protects universal services, builds resilience, creates opportunities and supports the most vulnerable in the most challenging of times, while investing in our priorities and Hackney's future. I am proud to commend this report as my first Budget to Cabinet and then Full Council.

2.0 INTERIM GROUP DIRECTOR'S INTRODUCTION

2.1 This report asks Cabinet to agree and recommend to Council for approval, the 2024/25 General Fund budget estimates, a 4.99% increase in the Hackney element of Council Tax made up of 2% in respect of adult social care and 2.99% in respect of other services, and a series of recommendations relating to the Council finances in respect of the 2024/25 financial year.

2.2 I would like to place on record my thanks and gratitude for the support and cooperation I have received from the Mayor, Cabinet Members, Scrutiny and Audit Committee members as well as colleagues on the Corporate Leadership Team and Officers within my own team and the other Directorates throughout the budget setting process. This year we have seen significant change in our Corporate Leadership Team (CLT), with Dawn Carter-McDonald as Interim Chief Executive, Louise Humphreys as Acting Director of Legal, Democratic & Electoral Services (and Monitoring Officer) and myself as Interim Group Director of Finance (and s151 officer). The support received from this group has been invaluable and in a particularly difficult year, unyielding. Also, special thanks to the former Group Director of Finance and Corporate Resources, Ian Williams who led a large part of this year's process. Reporting, for the first time as s151 officer to the Full Council it is emphasised that this has been a challenging process given the ongoing pressures on our services and the lack of clarity around funding streams going forward. Faced with yet another one year settlement containing many one-off funding streams - as we have fed back to the Government on many occasions - medium term financial planning is extremely difficult. It is only by the Leadership working together, both Cabinet and the Corporate Leadership Team (CLT) that we continue to navigate through the uncertainty.

2.3 The 2024/25 Revenue Budget and Capital Strategy has continued to be put together against the backdrop of significant real terms funding cuts since 2010/11. The settlement in respect of 2024/25 was disappointing in that very little funding over and above that which had already been announced was made available. The late announcement of additional funds for social care was welcome but is insufficient to meet our growing cost pressures. Costs in adult social care and children's services have sharply increased and we continue to be concerned that increases in funding for preventing homelessness will not meet demand in this area. Alongside this the legacy of a very high inflation rate is impacting on many services. Furthermore, the publication of the 2024/25 Local Government Finance Settlement gave us little information of funding allocations for the following years. Little is known about the aggregate Local Government budgets post 2024-25 and still, no decision has been taken on the timing and scope of the local government funding review and business rates reset. So whilst we are able to present here a balanced budget, we face a challenging and uncertain future.

2.4 Turning to Council Tax, this report proposes to set an increase of 4.99% in the Hackney element of the Tax in 2024/25. Given the significant reduction in real terms core funding since 2010/11, I believe such an increase is essential to protect the Council's funding position in both the short and medium term whilst balancing the demands it places on local taxpayers. Moreover, the increase must be viewed not just in the context of the external funding losses but also in terms of the ongoing demand and inflationary pressures referred to above.

2.5 With regard to the 2024/25 revenue budget proposals set out in this report, they are underpinned by budget proposals approved throughout the current and previous financial years. We have developed proposals that achieve expenditure reductions through a range of measures and sought to maximise income opportunities to as far as possible sustain universal services and those to the most vulnerable. In this regard I would like to thank in particular, Cllr Margaret Gordon who supported by the Head of Scrutiny, Tracey Anderson led an extensive budget scrutiny process on the budget which is referred to later in this report.

2.6 In preparing this budget we have ensured that the Council has in place, appropriate arrangements and controls to manage the risks and impacts. These include: -

(a) Extensive Financial Management, Monitoring and Reporting. Regular finance updates are provided in the Overall Financial Position (OFP) report and detailed reporting to both the Corporate Leadership Team (CLT) and joint sessions of Cabinet and the CLT on financial planning in the short and medium term.

(b) Risk Management. The Council has in place mechanisms for managing risks on savings through relevant risk registers and has looked to link the delivery of savings to outputs and performance, taking on board recommendations from the Scrutiny Panel.

(c) Prioritising Resources to Strategic Plan Objectives. This report includes a summary of our Strategic Plan and sets out how we continue to invest in line with our priorities.

(d) Equality. The Corporate Leadership Team makes sure that equality underpins all that we do. It also looks to ensure that all equality impact assessments on staff and service changes are undertaken.

(e) Cumulative Impacts. The budget proposals that underpin the budget are wide-ranging and have been subject to a cumulative impact assessment. Although this exercise cannot be used to fully protect residents given the level of budget reductions required, we can work to anticipate impacts, plan for them and build them into our new equality plan, wider corporate strategy and transformation work.

2.7 In considering the proposals set out in this report Members should have regard to the future indicative budgetary position of the General Fund that has been set out throughout the year. The Medium Term Financial Plan, at **Appendix 5**, summarises the challenges we face in future years. It is vital therefore that the work already underway to bridge this gap intensifies so that plans and proposals for future years can be set out and progress on early implementation achieved to ensure that we continue to maintain our strong track record of sound financial management. To this end as set out in **Appendix 10** to this report, we have updated our self assessment of how we shape up compared to the financial standards which are a translation of CIPFA's Principles of Good Financial Management.

3. RECOMMENDATION(S)

3.1 Cabinet is recommended to consider the report and make the following recommendations to Council for approval:

3.2 Council is recommended:

3.2.1 To bring forward into 2024/25 the Council's projected 2023/24 General Fund balance of £17.0m with the aim of increasing this to £20m over the medium-term period to 2026/27 noting the Housing Revenue Account (HRA) projected 2023/24 balance of £15m with the aim of increasing to £17.6m by the end of March 2024.

3.2.2 To agree for approval the directorate estimates and estimates for the General Finance Account items set out in Table 2 in Section 14 of this report.

3.2.3 To note that the budget is a financial exposition of the priorities set out within the Strategic Plan summarised at Section 6 below.

3.2.4 To note that in line with the requirements of the Local Government Act 2003, the Interim Group Director of Finance, is of the view that:

The General Fund balances which currently stand at £17.0m and the level of other reserves are adequate to meet the Council's financial needs for 2024/25 and that considering the economic uncertainty they should not fall below this

level and that the aim is to increase these to £20m over the medium term period to 2026/27 from a review of current earmarked reserves.

This view takes account of the reserves included in the Council's latest published 2022/23 Accounts and the movements of those reserves since that date – which have been tracked through the Overall Financial Position (OFP) Reports, and the latest OFP projections. Note also, that the projections in the HRA Budget to increase the balance to £17.6m by 31 March 2024 are also considered to be adequate at this point in time but will need to continue to be reviewed in the light of the challenges facing the HRA.

The General Fund estimates are sufficiently robust to set a balanced budget for 2024/25. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2023/24 budget with the projected spend identified in the December 2023 OFP. The overall level of the corporate contingency has been set at £2m.

3.2.5 To approve the proposed General Fund fees and charges as set out in Appendix 7 for implementation from 1st April 2024.

3.2.6 To continue the policy requiring the Interim Group Director of Finance to seek to mitigate the impact of significant changes to either resources or expenditure requirements.

3.2.7 To require the Mayor, Cabinet and the Corporate Leadership Team to develop robust plans to deliver against the revised Medium Term Financial Plan included at Appendix 5 taking into account the recommendation of the S151 Officer as set out in the Section 25 Statement (Appendix 11). This is needed to maintain the financial resilience of the Council and to avoid the requirement to make short-term decisions which will adversely impact on our residents.

3.2.8 To note the summary of the HRA Budget and Rent setting report proposed to Cabinet on 22nd January 2024.

3.2.9 To authorise the Interim Group Director of Finance to implement any virements required to allocate provision for demand and growth pressures set out in this report subject to the appropriate evidence base being provided.

3.2.10 To approve:

The allocation of resources to the 2024/25 capital programme referred to in Section 22 and Appendix 6.

3.2.11 To note that the new capital expenditure proposals match uncommitted resources for the year 2024/25.

3.2.12 To agree the prudential indicators for Capital Expenditure:- the Capital Financing Requirement; the Authorised Limit and Operational Boundary for External Debt; the Affordability prudential indicators; and the Treasury Management Prudential Indicators for 2024/25 as set out in Section 23 and Appendix 3.

3.2.13 To confirm that the authorised limit for external debt of £792m agreed above for 2024/25 will be the statutory limit determined under section 3(1) of the Local Government Act 2003. Further reassurance about the robustness of the budget is the confirmation that the Council's borrowings are within the boundaries of prudential guidelines.

3.2.14 To continue to support the approach of using reserves to manage emerging risks and liabilities.

3.2.15 To note that at its meeting on 24th January 2024 the Council agreed its Council Tax Base for the 2024/25 financial year as 77,766.9 in accordance with regulations made under section 33(5) of the Local Government Finance Act 1992. The Council Tax Base is the total number of properties in each of the eight council tax bands A to H converted to an equivalent number of band D properties.

3.2.16 To agree that the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 31A to 36 of the Localism Act 2011.

The authority calculates the aggregate of: (in accordance with Section 31A (2) of the Act)

(a) £1,374.738m being the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.

(b) £2m being such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.

(c) £nil being the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.

(d) £nil being such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

(e) £nil being the amount which it estimates will be transferred in the year

from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and

(f) £nil being the amount which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.

3.2.17 The authority calculates the aggregate of: (in accordance with Section 31A (3) of the Act)

(a) £1,263.182m being the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.

(b) £4.218m being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act.

(c) £nil being the amount which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and

(d) £nil being the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2) (a), (b), (e) and (f) above.

3.2.18 £109.338m being the amount by which the aggregate calculated under subsection (1) above exceeds that calculated under subsection (2) above, the authority calculates the amount equal to the difference; and the amount so calculated is its Council Tax Requirement for the year.

3.2.19 £109.338m being the amount at (3.2.18) divided by the amount at (3.2.15) above, calculated by the Council, in accordance with section 31A of the Act, £1,405.97 as the basic amount of its council tax for the year.

3.2.20 That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council tax for 2024/25 for each part of its area and for each of the categories of dwellings.

Valuation Bands Hackney

A	B	C	D	E	F	G	H
£937.31	£1,093.53	£1,249.75	£1,405.97	£1,718.41	£2,030.84	£2,343.28	£2,811.94

3.2.21 That it be noted that for 2024/25 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

Valuation Bands GLA

A	B	C	D	E	F	G	H
£314.27	£366.64	£419.02	£471.40	£576.16	£680.91	£785.67	£942.80

3.2.22 That having calculated the aggregate in each case of the amounts at 3.2.20 and 3.2.21 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for 2024/25 for each of the categories of dwellings as shown below.

Valuation Bands Combined Hackney/GLA

A	B	C	D	E	F	G	H
£1,251.58	£1,460.17	£1,668.77	£1,877.37	£2,294.57	£2,711.75	£3,128.95	£3,754.74

3.2.23 To agree, subject to the decision of Members on recommendations 3.2.16 to 3.2.18 that Hackney's Council Tax requirement for 2024/25 be £109.338m which results in a Band D Council Tax of £1,405.97 for Hackney purposes and a total Band D Council Tax of £1,877.37 including the Greater London Authority (GLA) precept.

3.2.24 To agree that in accordance with principles approved under section 52ZB of the Local Government Finance Act 1992, and the new provisions included in the Localism Act 2011, the increase in the Council's Council Tax requirement for 2024/25 as shown at Appendix 8 is not excessive (5% or above) and therefore does not require the Council to hold a referendum.

3.2.25 To agree the Treasury Management Strategy for 2024/25, set out at Appendix 3.

3.2.26 To agree the criteria for lending and the financial limits set out at Appendix 3.

3.2.27 To approve the Minimum Revenue Provision statement setting out the method of calculation to be used, as set out in paragraphs 23.19-23.28 below.

4.0 REASONS FOR DECISION

4.1 The Council has a legal obligation to set its Council Tax and adopt its annual budget. This report is seeking formal approval of the 2024/25 budget.

4.2 Previous decisions in this context relate to:

- The Overall Financial Position reports presented monthly to Council during 2023/24.
- The Calculation of the 2024-25 Council Taxbase & Local Business Rates report approved by Council on 24th January 2024

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1 The requirement to agree a legal budget and set the Council Tax for the forthcoming year has been laid down by Statute. As such there are no alternatives to be considered.

5.2 The details of the budget, including savings, have been the subject of reports to Cabinet and consideration by the Corporate Leadership Team at meetings throughout 2023/24.

5.3 As part of the political process opposition groups are permitted to put forward alternatives to these proposals for consideration. Any alternative proposals put forward will be tabled at the Council meeting on 28th February 2024.

6.0 BACKGROUND

Statutory context

6.1 The Mayor's budget proposals set out in this report show the position in relation to the development of the 2024/25 Revenue Budget including the effect of savings proposals which were agreed by Cabinet in May and December 2023 and January 2024 and others which were formulated during the 2022/23 and 2023/24 budget setting process.

6.2 The annual budget decisions are among the most important of those which local authorities are called upon to make during the course of the year. This is emphasised by the fact that they are among the few decisions which the Council is not permitted by law to delegate to a Committee or to Officers. They affect every household and service user and the manner in which decisions must be made, is closely prescribed by law. **Appendix 1** of this report sets out the relevant legal considerations which affect the budget process of which Members must be aware. Members are required therefore to give careful consideration to the information and advice set out in this report. It is also important in taking this decision for Members to take into account the Medium-Term financial plan (which is attached at **Appendix 5**) and recognise that the scale of reductions set out will impact on the services the Council provides beyond 2024/25.

6.3 In addition, the Local Government Act 2003 placed a specific personal duty on the Interim Group Director of Finance (and s151 officer) to report to Council on the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals. Members are advised that due regard has been given to the requirement of the Local Government Act 2003 during the current budget process. Specific reference is made to the adequacy of the General Fund reserves in Section 19 of this report and the basis for the assessment included at Appendix 11 to this report. The position on the HRA reserves includes a projected level of balances of £17.6m by 31 March 2024. This level of balances is in-line with the Council's policy on reserves and balances. However, she advises that this is a matter that Members should keep under review.

6.4 It should also be noted that there is an ongoing requirement to review limits and indicators in accordance with the Prudential Code. There is a requirement to agree these indicators and limits are set in conjunction with the Council's overall budget. See section 13 of this report for more detail.

Strategic Plan

6.5 A new Strategic Plan was adopted for 2022-2026. This was timely, as it was at the beginning of a new political term and with new senior leaders having joined the Council. This Strategic Plan has been adopted whilst the economy is deteriorating nationally, public funding is under pressure and demand on services is becoming even greater and more acute. The more our residents struggle, the greater the demand for council services and support, whilst the pressures of inflation and potential for further government cuts, make those services more expensive to deliver.

6.6 The Strategic Plan, 'Working Together for a Better Hackney', sets out the ambitions for the Council as well as the challenges we face, and describes how we need to respond and change, working closely with residents and partners. The Plan is framed by the commitments for the 2022-2026 Labour administration and the priorities of the Directly Elected Mayor. Following the Mayoral by election in November 2023, Mayor Woodley has confirmed that the existing Mayoral priorities and the Strategic Plan will continue for the remainder of her term. They are underpinned by the Council's corporate values and the priorities for change. The Plan was developed with the Council's finances in mind. There is no certainty about future finances from the Government and we have had to make a lot of assumptions. We will need to be prepared to adapt the Plan as we face yet greater challenges, whilst keeping focused on the key outcomes and the key commitments we want to deliver. We have a role to play in driving economic recovery in a way that builds community wealth and continues to make the borough greener and fairer. As a leading institution in Hackney, we can use our assets, job opportunities and our buying power to benefit residents and the local community, and the Strategic Plan encourages others to join us.

6.7 To support the delivery of the Strategic Plan, we are ensuring it informs and frames Council service plans and performance management frameworks. The plan also guides partnership working and workforce plans, as well as future strategies. Updates will be provided every year. The first update, which was on how the plan was being mobilised, went to the Council annual meeting in May 2023. The next update is due to go to Council in July 2024.

6.8 In 2018, Hackney adopted a long term vision for the borough, the Community Strategy, that has informed our plans and strategies including the Local Plan 2033:

- A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth
- A borough where residents and local businesses fulfil their potential and everyone enjoys the benefits of increased local prosperity and contributes to community life
- A greener and environmentally sustainable community which is prepared for the future
- An open, cohesive, safer and supportive community
- A borough with healthy, active and independent residents

6.9 This vision recognised that, over the last twenty years, Hackney had become a vibrant place and that the Council had helped shape this dynamic economy and the opportunities that have been created for residents. The Community Strategy recognised that not all residents had benefited from the prosperity and set a broad strategic aim to focus on aspects of the economy we could influence, to enable better access and a share of good economic growth and prosperity.

6.10 Even when this vision was adopted four years ago we were operating in an increasingly constrained and difficult context. The Strategic Plan has considered risks and opportunities to achieving this vision and identified the key issues we now face:

- The cumulative impacts of the pandemic, the cost of living crisis and global crises
- A predicted budget gap for each of the years of this plan
- Economic uncertainty
- Low trust and confidence in the state in some sections of the community
- Population uncertainty after Brexit and the pandemic and in the context of the cost of living crisis
- Housing crisis making it virtually impossible to meet housing needs
- Meeting net zero targets - at the time of writing we are consulting on a Climate Action Plan which sets out how we might reach net zero by 2030 rather than 2040
- Working with uncertainty and crisis as the likely “new normal.”
- Workforce and leadership - we are asking more of our staff but they are also under pressure after so many crises, and now the cost of living crisis

Strategic Plan overview

6.11 **Vision for the next four years:**

Working together with our communities and our partners to tackle the unprecedented challenges that we face, we will make transformational change, we will co-produce and co-design solutions with residents, we will campaign for a better deal for Hackney; we will deliver outstanding public services; we will drive a fairer economic recovery; and we will make a better Hackney for everyone who lives and works here.

6.12 **Mayoral Priorities**

Working together…

FOR A FAIRER, SAFER HACKNEY
We will tackle inequality through poverty reduction, and anti-racism, providing at least 1000 more Council homes as we improve standards of our existing homes, and creating pathways into decent jobs. We will improve our customer services. We will create safe, vibrant, and successful town centres and neighbourhoods and foster strong, cohesive communities and a more inclusive economy.

FOR A GREENER, HEALTHIER HACKNEY
We will continue to lead the way in the fight against climate change, working towards a net zero Hackney, with cleaner air, less motor traffic, and more liveable neighbourhoods. We will transform adult and children's social care, tackle physical and mental health inequalities and continue to support, value, and give voice to our older and disabled residents.

FOR EVERY CHILD IN HACKNEY
We will work to ensure every child and young person in Hackney has the best start in life; shaping a more inclusive and high performing education system, maintaining our early years and youth services, keeping children safe and investing in their mental health and well being, providing access to outstanding play, culture, and sport, and opportunities; tackling child poverty, and supporting those families who need us most.

6.13 Underpinning our priorities is the need to **Tackle Inequality** head on in all that we do through:

- Tackling structural and systemic discrimination - embedding an anti-racist approach and ensuring accountability
- Taking protective, preventative and positive action, that tackles underlying issues, recognising there is proven bias in the system
- Promoting prosperity and wellbeing with targeted, positive action when needed
- Building strong, cohesive communities that are part of the solution
- Developing a workforce that is inclusive and anti-racist and reflects the

diversity of Hackney, at all levels

6.14 We also need to clear about the values that underpin the work that we do:

OUR VALUES

We are…

OPEN AND INCLUSIVE; AMBITIOUS AND PROUD; PIONEERING AND PROACTIVE

Putting our residents first: a Council that works for the people who live and work here

Securing Hackney's future: a Council that is financially sustainable and investing in what matters

Changing Together: a Council that is modernised, flexible, collaborative, and skilled to meet our future challenges.

6.15 We will be transparent around delivery and we have identified the key outcomes that will be tracked and the specific underlying priorities across the three main priority areas.

6.16 Fairer, Safer: Key Outcomes we will track

Income	Average pay in Hackney is about the same as London but lower than neighbouring boroughs (Earnings by place of residence).
Employment	Employment rate is 78.7% which is higher than before the pandemic and higher than the London average. (ONS annual survey). The proportion of people claiming out of work benefits is however also higher than London (6.3% compared with 5% in London).
Satisfaction with the place	85% percent of residents are either very satisfied or fairly satisfied with their local area as a place to live, which is slightly higher than in 2018 when it was 83%. (Hackney Residents' Survey 2022)
Trust in the Council	65% of residents are satisfied with Hackney Council, down from 68% in 2018 and 74% in 2013. 67% of residents say that they have trust in the Council compared with 73% in 2018 Social renters and Black residents are significantly more likely to give negative responses to all these questions.

6.17 Fairer, Safer priorities:

- Tackling poverty and inequality
- Responding to the Housing Crisis
- Making Hackney Safer
- Building trust and confidence
- Building community cohesion
- Promoting good growth: Jobs, businesses and regeneration

6.18 Greener, Healthier: Key Outcomes we will track

Net Zero	Fuel used in buildings and vehicles are the biggest part of Hackney's 'territorial emissions.' Since 2010, emissions from buildings and road transport in Hackney have fallen by about 27% The majority, 74% of all emissions, come from 'consumption emissions' relating to goods and services, the vast majority of which are not created within Hackney's borders
Air quality	7% of deaths of people over 30 can be attributed to air pollution in Hackney. This is similar to neighbouring boroughs, Tower Hamlets and Islington but is slightly lower than London as a whole and is 2% higher than England.
Life Expectancy	Life expectancy in Hackney from birth is estimated in 2018-2020 to be 84 for women and 79 for men. Women's life expectancy has increased from 2001 from 80 and men's from 74 so there's a slightly larger increase for men, although the trends have broadly similar trajectories (Public Health England).

6.19 Greener, Healthier priorities

- Maximising impact by seeing climate action as an opportunity to improve population health
- Responding to the climate emergency
- Improving health and wellbeing and tackling health inequality
- Shaping healthier places

6.20 Every Child: Key outcomes we will track

Infant mortality	The infant mortality rate is 3.6 per 1000 births which is slightly higher than London and lower than England (no trend data available). Public Health Data published by the Office for Health Improvement and Disparities.
Early years	69.6% of reception pupils in Hackney schools are achieving a good level of development by the end of their first school year. This has remained at

	around the same level for the last 5 years and is lower than London (74.1%) and England (71%). 2019 data from the Department of Education (this is the latest published data, assessments were not carried out during the pandemic)
Education	Hackney's average "Attainment 8 Score" is 54 which is the same as London and higher than England (50.9). Although attainment has improved over the last 5 years, students on free school meals, Turkish Kurdish Cypriot pupils, Caribbean pupils (boys) and Orthodox Jewish pupils face inequalities in outcomes. (each pupil's score is calculated by adding up the points for their 8 subjects, with English and Maths counted twice) Department of Education data for 2021.
Children's health	27.4% of children in year 6 (at 10-11 years old) are overweight which is worse than London (23.7%) and England (21%). This rate has not changed in recent years. Public Health Data published by the Office for Health Improvement and Disparities.

6.21 Every Child priorities

- Every child is safe
- Every child is healthy, every child develops positive and caring relationships and feels seen and heard
- Every child's needs are identified and responded to early
- Every child fulfils their potential
- Every child is equipped for adulthood and has choice over their future

How we will work

6.22 The more our residents struggle, the greater the demand for council services and support, whilst the pressures of inflation make those services more expensive to deliver. This also puts a greater strain on staff. This means we will need to fundamentally change the way we deliver some of those services, so we can safeguard them for the future. Ultimately, we want our residents, staff and our peers in local government all to think Hackney is one of the best Councils in the country. Without the changes set out below, we do not think we will be able to achieve this ambition and the aspirations set out in the Strategic Plan.

6.23 The way we work is going to be as important as what we do, because this is how we can be most impactful and create the right working relationships and conditions for work to be sustained. We want to be a Council that works for the people who live and work here - putting residents first. We need to be financially sustainable and invest in what matters to have a secure financial future. We want to be a

Council that is modernised, flexible, collaborative, and skilled to meet our future challenges.

6.24 We will do this by:

- **Using data more effectively to help us understand problems in a more holistic way**
- **Building capabilities across our services-** bringing frontline staff directly into how we do change and creating development opportunities for all staff.
- **Enabling service areas to access a broad set of skills to support change**.
- **Implementing a Corporate Landlord Operating Model and creating the right governance frameworks** - the concept of a Corporate Landlord is that management around all property assets is carried out at a corporate and strategic level, rather than at a service level.
- **Measuring and evaluating our work** so we know what to do more of and what we need to do less of in the future.
- **Working in the open by creating opportunities for residents to participate in our work** so that we can ensure our services and decisions are co-designed and informed by the communities we serve.
- **We will work to close the digital divide and make better use of digital technology to modernise and innovate** where we can to create better experiences for our residents and staff.

6.25 The following ways of working were developed over the last four years and put into practice during the pandemic and we are now seeking to embed this further through working at all levels to support staff and partners with the right skills and tools:

- **Seeing communities as assets and putting residents first**
- **Inclusive, open and humble and anti-racist**
- **Collaborative working**
- **Place shaping and community wealth building**

Priorities for strategic partnership working

6.26 As a partnership we need to be more outward facing and collaborative, working across the whole system to find the right sustainable solutions. This will require leaders to work across boundaries with a greater degree of flexibility and openness to change than they have perhaps been used to. Working with universities can help us improve many of the challenges in the Strategic Plan, developing the way we work and tackle the most intractable issues in an evidence based way, as well as shaping a more inclusive economy by working with local institutions to design learning for local people and businesses.

6.27 The Council is proactively developing local partnerships, as well as assessing all the partnerships already in place across the Council, so we can maximise and strengthen these links in support of the Strategic Plan. We need to ensure that we have systematic ways to engage with a diverse range of partners, whether they are large or small, focused on the whole borough or hyper local and across all sectors - other statutory partners, the voluntary and community sector and social enterprises and the private sector and business community. We have discussed the Strategic Plan priorities with partners. The following are emerging shared priorities for how we work and what we focus on together, which will be developed further:

- Rebuilding trust and confidence with communities
- Tackling inequality
- Net Zero Commitment
- Shared challenges for our workforce

6.28 We will continue to invest in the priorities set out in the Strategic Plan through our ongoing revenue budgets and the table below is a high level exposition of how as well as delivering our statutory services a large proportion of what we will spend in 2024/25 will be on teams and services that contribute to delivering against these objectives.

6.29 The table also highlights the specific investment which was allocated last year and continues through 2024/25 to deliver the manifesto and how this investment contributes to the delivery of the objectives set out in the Strategic Plan.

Fairer Safer priorities (Gross budget £599.0m, Net budget £51.2m)
Promoting good growth: Jobs, businesses and regeneration Jobs and businesses ● Maximise and shape employment opportunities, continue to be a London Living Wage employer and ensure our suppliers do the same. ● Develop the Council's employment, lifelong learning and apprenticeship programme. ● Support local businesses, developing those with a social ethos and helping them respond to the opportunities and threats of achieving net zero. Shaping places ● Finalise and adopt area based plans for Dalston, Stamford Hill and Shoreditch and start on Clapton and Homerton. ● Adopt and deliver the Hackney Central Town Centre Strategy and area based plan. **Delivering on Manifesto Commitments:** ● We continue to resource support towards the setting up of co-operatives where there is failure in the market or public sector delivery. ● We continue to develop the 'SpaceBank' initiative bringing together council owned buildings to ensure the Council is supporting local businesses, social enterprises, voluntary, community and third sector tenants through the properties it owns.
Tackling poverty and inequality

- Take action in the short and long term to respond to this priority, creating the safety net needed for our residents.
- Continue to deal with the underlying causes of poverty and inequality and develop new equality priorities.
- Play our part along with the rest of London in supporting refugees and asylum seekers
- Maximise employment opportunities and support.

Delivering on Manifesto Commitments:

- We continue to invest in services to sustain the support for those in poverty that will be needed for the next few years. This will be achieved through our work building local partnerships that support our residents at grassroots level, through the Money Hub and through developing long term access to affordable food. We continue our work, as a Right to Food borough, to end holiday hunger in our schools; work together with the Hackney Food Justice Alliance and the Community Partnership Network to end hunger in Hackney; deliver on our Food Poverty Action Plan; and ensure there is emergency support when needed, while also promoting access to good, nutritious food.

Responding to the Housing Crisis

- Continue to maximise opportunities for developing genuinely affordable housing.
- Campaign to improve standards in the private rented sector and offer support to residents who face the risk of eviction.
- Review the impact of the Council Lettings Strategy adopted in 2021.
- Develop an Ending Homelessness Strategy.

Delivering on Manifesto Commitments:

- We continue to to help those in the private rented sector secure the repairs needed to ensure their homes are safe and free from damp and mould building on the focus and investment in our Council homes, included as part of our Housing Revenue Account budget proposals, which will continue to fund our repairs service to provide a swift, more focused response to improve repairs and tackle damp and mould in our own homes.

- We continue to deliver a council-led Building Control service that will ensure new development in Hackney meets the highest fire safety standards and we will be ready to implement the post-Grenfell recommendations.

Making Hackney Safer

- Work in partnership to reduce crime and anti-social behaviour and progress actions to tackle hate crime. Progress a Hackney Nights Strategy.
- Support people into drug treatment and recovery programmes
- Continue to prioritise building and fire safety recommendations for all housing in Hackney.

Building trust and confidence

- Work with the Police to build trust and confidence through shared action.
- Take action at all levels to become more inclusive and anti-racist and to develop cultural humility.

Building community cohesion

- Value and invest in volunteers and the voluntary and community sector including £2.6m investment through community grants.
- Work with creatives to help them shape the cultural life of the borough.

Greener Healthier priorities (Gross budget £207.8m, Net budget £107.9m)

Responding to the climate emergency

Adaptation
- Work with residents to be prepared for the impacts of climate change - overheating, flooding, and ensuring planting is resilient to climate change.

Buildings
- Adapt existing buildings and set new guidance for new development.

Transport
- Reduce greenhouse gas emissions from the transport network, improve air quality and help residents live active and healthy lifestyles.

Consumption
- Encourage residents to change what and how we buy, use and sell, creating a new green economy in Hackney.

Environmental Quality
- Maximise the potential for biodiversity in our green spaces, reducing pollution and helping local ecosystems thrive.

Delivering on Manifesto Commitments:

- We continue to invest to expand our Zero Emissions Network across the whole of Hackney embedding the importance of the programme and making it less dependent on external funding. We will also establish Hackney Light & Power as a publicly-owned municipal energy company to accelerate our efforts to deliver renewable energy across the borough.

- We continue to develop enhanced and expanded Supplementary Planning Guidance on green infrastructure, including vertical forests, green thoroughfares and gardens - ensuring developments include high levels of infrastructure to support biodiversity. We are also developing a Circular Economy Strategy to transform our attitudes towards the way we create, consume and dispose of rubbish, with the objective of significantly reducing Hackney's borough-wide carbon footprint through reduce, reuse and recycle.

- We are planning to launch the Hackney Community Municipal Investment - Green Loan - in the Spring to enable local residents to invest in local projects to support the decarbonisation of our Borough and leave a lasting local net zero legacy.

Improving health and wellbeing and tackling health inequality

Developing an integrated care system

- Deliver the priorities of the Health and Wellbeing strategy for 2022-2026 which has a specific focus on mental health, social connection and financial security.
- Deliver the new Integrated Mental Health Network and establish a Black Thrive programme.
- Deliver the ambitions of the Smokefree 2030 commitment.
- Continue action with partners to reduce obesity through Hackney Healthy Weight Strategic Partnership.
- Work with partners on the City and Hackney Health and Care Board to reduce health inequalities through earlier intervention and more targeted treatment.

Shaping Healthier places

- Review our day services provision to improve choice and personalisation.
- Promote the Healthy Streets Approach and support Play Streets and School Streets.
- Encourage food growing, with a focus on estates.
- Improve leisure centres and parks, investing in new, free, outdoor gym facilities.
- Develop a new design guide to ensure that the public realm and buildings are inclusive and accessible for all.
- Progress work to make Hackney a place where residents can age well.

Delivering on Manifesto Commitments:

- We will ensure that the location of all public toilets across the borough are well publicised and we will continue to modernise the facilities, ensuring they are inclusive and well signposted and free.

- We are building on the principles we have already established through the Child Friendly Borough planning guidance, the Ageing Well Strategy, and our Hackney an Accessible Place for Everyone and co-producing a new design guide with disabled and older people to ensure that our streets, parks, estates, public buildings, high streets and public spaces are inclusive and accessible for all.

Every child (Gross budget £410.5m, Net budget £97.4m)

Every child is safe

- Develop a Care Charter for all the children in our care.
- Develop the Edge of Care Strategy to focus on earlier intervention.
- Focus on safeguarding children during adolescence including through contextual safeguarding.

Every child is healthy

- Continue the Wellbeing and Mental Health in Schools (WMHS).
- Develop a Healthy Schools Charter.

Every child’s needs are identified and responded to early

● Develop a new early help offer, including developing a number of strategic children's centres into new Children and Family Hubs. ● Develop and deliver our Autism Strategy and SEND Strategy. ● Reshape our SEND services. ● Increase the number of places provided for children with SEND within the borough.
Every child fulfils their potential ● Establish an Affordable Childcare Commission. ● Liaise with schools, including Alternative Provision providers, to ensure a whole school commitment to the principles of inclusion. Continue to roll out a 'no need to exclude' policy across our schools.
Every child is equipped for adulthood and has choice over their future ● We will maintain and champion Young Hackney services. ● We will also codesign a Leaving Care Plan. **Delivering on Manifesto Commitments:** ● We continue our commitment to create a 10 by 10 Programme to ensure by the time they are 10 years old, every child in Hackney has access to at least 10 different activities and we will go further to promote youth participation in our democratic functions by inviting young people to attend each of the Scrutiny Commissions, to help make sure council decisions and services work for young people.

6.30 We are also making long-term commitments in our priorities through our capital programme, further details are provided later in this report but in summary:

Priority	Example Projects	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Fairer, Safer Hackney	Maintaining the homes of our Council residents, Housing Regeneration Schemes delivering more and improved homes, the Britannia Scheme also delivering new homes, Stoke Newington Library Refurbishment, improved accessibility at Stamford Hill Library, investment in temporary accommodation and new GP surgeries.	149.6	267.7	374.3	467.0	1,258.6
Greener, Healthier Hackney	Essential Maintenance to Leisure Centres including Kings Hall, London Fields Learner Pool, Parks Infrastructure, Parks Depot, Highways Planned Maintenance, Waste & Fleet Replacement and specific Green projects including	44.2	61.0	37.0	14.5	156.8

Priority	Example Projects	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
	Cycle Hangers and Electrical Vehicle charging points.					
Every Child in Hackney	Investment in the maintenance of our schools and delivery of additional in-borough, SEND places.	14.0	21.1	9.1	5.1	49.3
Corporate Cross-cutting	Stoke Newington Town Hall and investment in ICT to support a range of our services.	4.9	7.6	0.3	0.3	13.1
Total		**212.7**	**357.4**	**420.8**	**486.9**	**1,477.8**

Cumulative Impacts

6.31 Guidance from the Equality and Human Rights Commission advises that the public sector should see individual decisions within the wider context of decisions made by the authority and by the wider public sector, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions. This means that alongside ensuring that equality impact assessments are carried out for individual decisions that have a material impact on staff or residents, we also undertake a cumulative impact assessment when there are a range of savings or changes being proposed at the same time.

6.32 Equality impact analysis was undertaken as part of developing individual savings proposals. This analysis has been used to pull together the cumulative impact assessment that has been shared iteratively with decision makers so that it can support final decisions going into the budget 24/25. A final cumulative equality impact assessment is published here along with the final budget for 24/25. It will be kept under review to support future budget setting, the implementation of savings and to help shape transformation and inform corporate planning. The assessment has been done at the same time as we have been developing a new Equality Plan for Hackney for 2024-26 and the plan has been informed by the assessment.

6.33 This assessment considers cumulative impacts on specific groups:

- The compounding impacts on a **specific equality or vulnerable group (resident or employee)** that arise from changes across a set of services
- **How the wider social, fiscal and economic context** might be impacting some groups disproportionately who are also impacted by changes to services

This assessment also looks at potential impacts on other services and the community and place.

6.34 A full assessment is provided at Appendix 12 **.**

7.0 COMMENTS OF THE INTERIM GROUP DIRECTOR OF FINANCE

7.1 The Group Director's comments are set out in Section 2 of this report

8.0 COMMENTS OF THE ACTING DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

8.1 Under the Local Government Act 2003 calculation of the Council Tax and adoption of an annual budget must be carried out by full Council on the recommendation of the Mayor and Cabinet.

8.2 When considering decisions on the budget and the level of Council Tax, Members should have regard to the legal framework for such decisions which is shown at **Appendix 1.** When considering the budget, Council must take into account this report from the Chief Finance Officer on the robustness of the estimates and the adequacy of the proposals for reserves. The Council has a legal duty to set a lawfully balanced budget and adoption of the recommendations in this report would fulfil its obligations in this regard.

8.3 The Council's Constitution details the procedure that is to be followed in the event that there is a conflict between Cabinet and the Council with regards to the setting of the budget / council tax. This procedure complies with the requirements set out in the Local Authorities (Standing Orders) (England) Regulations 2001.

8.4 Section 149 of the Equality Act 2010 sets out the public sector equality duty which requires the Council, when exercising its functions to have 'due regard' to the need to eliminate discrimination (both direct and indirect discrimination), harassment and victimisation and other conduct prohibited under the Equality Act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. Compliance with this statutory duty is dealt with via the specific Equalities Impact Assessment undertaken for this decision.

8.5 There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days of the Council's decision under section 38(2) of the Local Government and Finance Act 1992.

9. THE COUNCIL'S GENERAL FUND FINANCIAL PERFORMANCE IN 2023/24

9.1 Based on Directorate returns, the General Fund forecast for 2023/24 at the end of December 2023 is an overspend against the revenue budget of £8.766m.

Table 1: Overall Financial Position (General Fund) December 2023

Revised Budget £000	Service Area	Forecast Variance Before Reserves £000	Appropriation to Reserves £000	Reserves Usage £000	Forecast Variance After Reserves £000	Change in Variance from last month £000
£k		£k	£k	£k	£k	£k
98,317	**Children and Education**	9,004	45	-4,404	4,644	450
127,651	**Adults, Health and Integration**	15,994	160	-6,199	9,954	214
37,474	**Climate, Homes & Economy**	5,009	210	-4,141	1,078	142
28,109	**Finance & Corporate Resources**	4,238	251	-2,529	1,960	-286
16,266	**Chief Executive**	2,743	179	-3,301	-379	-130
47,618	**General Finance Account***	0	0	0	0	0
355,435	**SUB TOTAL**	**36,988**	**845**	**-20,574**	**17,257**	**390**
	Less the budget provision for demand pressures, cost pressures and the ongoing impact of Covid and Cyber				-3,500	0
	Less Corporate Savings				-1,124	0
	Less Backdated HMRC Refund				-867	0
	Less 2023-24 Pool Surplus				-3,000	-3,000
	GENERAL FUND TOTAL				**8,766**	**-2,610**

*The GFA includes budgets for items such as Concessionary Fares, Levies, capital items, pension contributions, corporate contingency and the energy provisions and is forecast to budget subject to review in the fourth quarter.

9.2 This reflects the position part way through the year and, as with all forecasts, there is always a possibility of unforeseen circumstances changing things but assuming the position remains unchanged to the end of the financial year 2023/24 unallocated General Fund reserves of £17.0m brought into 2023/24 will be unchanged going into 2024/25, notwithstanding this, the Interim Group Director of Finance is recommending an increase in the unallocated General Fund reserve to £20m over the medium term period to 2026/27 (see Section 19 below). The remaining overspend of £8.766m will be funded by unspent contingencies, the GFA underspend, provisions, unspent grants and reserves.

9.3 The maintenance of corporate contingencies continues to be an important element of the Council's Financial Strategy and the inclusion of adequate contingencies in the base budget going forward is essential. However, there must be a balance between holding back contingencies to mitigate against unforeseen circumstances and the recognition that in an environment of budget reductions, contingencies at too high a level could result in reductions to other budgets and therefore services. The Interim Group Director of Finance is content to maintain the total level of corporate contingencies at £2m for 2024/25. This will however be reviewed on an annual basis. It should be noted however, that contingencies are a buffer against unforeseen and exceptional circumstances and there is still the same requirement for Group Directors to ensure they keep within their base budget allocation.

9.4 It is recommended that similar reporting arrangements for contingencies apply for

2024/25, as those that apply to 2023/24, i.e. that the commitment of these sums in-year should continue to be permitted only on the agreement of Cabinet after it has considered a written report from the Interim Group Director of Finance setting out the circumstances of each case and with a full justification provided by the relevant Group Director.

10.0 THE GENERAL FUND BUDGET STRATEGY 2024/25

Background and context

10.1 Planning for the 2024/25 budget has been set against the continuing uncertainty over the main funding streams, which was not fully resolved until the Provisional 2024/25 Local Government Finance Settlement (LGFS) was published on 18th December (and the final settlement was published on 5th February 2024) following the 2023 Autumn Statement in November. Disappointingly once again, this Settlement demonstrates a short-term approach to funding local government. In particular, there is little or no information on funding streams in 2025-26 and beyond. Hackney in common with other Councils, is experiencing acute budgetary pressures which are only exacerbated by this approach.

10.2 In November 2023, Cabinet approved our continued participation in the localised London business rates pooling scheme in 2024-25. We joined the scheme in 2022-23 and continued to participate in 2023-24. The scheme comprises the City of London and 6 other London boroughs. In 2022-23 and 2023-24, we received a significant financial benefit, estimated to be £5.1m over the two years; and work by the scheme's financial advisers, LG Futures, suggests that the 2024-25 scheme will deliver a financial benefit of £1.6m to £2m to the Council.

10.3 Directorate savings plans have been formulated as part of the 2024/25 budget processes totalling £12.7m in addition to other expenditure reducing measures including a review of provisions for council tax and business rates. These were approved at July and December 2023 Cabinet and January 2024 Cabinet.

10.4 As has been the case in previous years, budget proposals were subject to budget scrutiny. This year that process was extended and incorporated a Group Director presentation to Scrutiny Panel in July 2023 which gave members important context on where the Council spent its budget, the medium term financial plan incorporating the estimated budget gap and the cost pressures faced. Following on from this the various Scrutiny Commissions held private Scrutiny Sessions to review proposals within their specific remits.

10.5 The process was far more intense than previous years, partly reflective of the increasing financial challenges the Council faces, which we do not repeat here, but are clearly set out elsewhere in this report. Where there were two private budget scrutiny sessions in setting the 2023/24 budget, for 2024/25 there were nine separate sessions.

10.6 Following receipt of the Budget Scrutiny Report which is included at Appendix 13, an Executive response was provided and is included at Appendix 14. This response addresses Scrutiny comments raised in respect of the overarching themes and cross-cutting issues, as well as lessons learnt for future years. In most instances this is to provide further background and context to the comments made. Overall the Scrutiny process provided invaluable input to the process and the focus and depth of the work undertaken this year is very much welcomed. While challenging at times, this is as it should be. Overall, there appears to be a consensus on the lessons learnt and it is helpful that these have been highlighted at this stage as we acknowledge the milestone of presenting this year's budget report to Council and continue on the cycle of addressing our medium term financial challenges.

10.7 The budget proposals have allowed the Council to propose a balanced budget despite the ongoing impact of significant reductions in real terms financial support from Central Government. Some risks have been highlighted in relation to the delivery of some of the savings proposals which have been agreed. This is part mitigated by these savings being 'back loaded' i.e. the majority of cashable savings to be delivered beyond 2024/25, which gives the opportunity for subsequent review and additional plans. The risk in relation to the savings profile to be delivered in 2024/25 is mitigated by earmarked reserves.

10.8 Of course identifying budget savings proposals to offset a reduction in financial support is only part of the budget setting process. For 2024/25, as has been the case for many years, there have been emerging cost pressures and areas of unavoidable growth. These have been addressed, in the same way as previous years, by a combination of reallocating existing resources, additional savings and allocation of specific Government grants. Earmarked reserves will also be set aside at year end to mitigate against some of these risks. The following paragraphs set out some of the cost pressures and growth in more detail.

Cost Pressures and Growth

10.9 The Council's preferred strategy to manage growth, inflation and its impact on cost pressures has been for service areas to manage pressures within their budgets wherever possible including by factoring one-off funding and grants (for example, the Social Care Grant and the Homelessness Prevention Grant) as far as possible. Although it has always been recognised that there will inevitably be some cost pressures which cannot be managed by service areas or which are truly unavoidable and for which budget growth has been added.

10.10 This strategy has become increasingly more difficult given the escalating demands on services (particularly social care) and the reductions in external funding. For 2024/25 - 2026/27 significant budget growth was built into the medium term financial plan to address some of these pressures.

10.11 For 2024/25 in particular the following growth has been added to budgets.

- Assumed Pay award for 2024/25 at 3% but held corporately until pay award is agreed (£6.6m); and growth in respect of the shortfall against pay award assumed in 2023/24 (£6.5m)
- Assumptions in relation to increases in demand for social care (£11.6m) taking account of increases in social care grant (£10.4m).
- Other directorate cost pressures including homelessness prevention, pressures in environment operations and parks and green spaces caused by increasing number of households (£3.7m).
- Increase in the budget for minimum revenue provision and external interest as a result of an increased reliance on borrowing to fund the Council's capital programme (£3.8m).
- Increase in concessionary fares and the NLWA levy (estimated £4m in total).

10.12 The estimates in respect of the above growth items are reviewed on an ongoing basis as the current year picture emerges and as more information becomes available and estimates adjusted accordingly where appropriate. The forecast estimate in adults and children's social care expenditure has increased significantly in 2023/24 compared to 2022/23 and there is an extremely high risk that expenditure will exceed budget for 2024/25. It is emphasised that work is underway in both these areas which aims to address cost pressures, but given trends in recent years an earmarked reserve will be set aside at year end to mitigate this risk.

10.13 Funding for Directorate cost pressures where there is certainty over the impact are allocated to Directorate budgets, but where the impact of pressures are unclear, resources are held corporately until such time as the pressure emerges and will only be allocated to Directorates following agreement of the Interim Group Director of Finance and after it is clear that the pressure cannot be managed from within the current directorate cash limits and/or additional funding streams. This includes energy and fuel costs where following the significant increases in prices of a couple of years ago a significant provision is held corporately and kept under review.

11. THE PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

11.1 The key points of the Statement that impact on Local Government are as follows: -

- Core Spending Power (CSP) will increase by 6.5% in cash terms across England.

- The Council Tax referendum threshold will remain at 3%. Eligible local authorities can set an adult social care precept of up to 2% without a referendum.

- Compensation for under-indexation of the business rates multiplier will total

£2.6bn in 2024-25, an increase of £377m in 2024-25

- The CSP funding guarantee introduced in 2023-24 continues in 2024-25 to ensure authorities receive a minimum 3% increase (before local council tax decisions).

- The Social Care Grant will increase by £692m in 2024-25 to £4.5bn. The majority of this will be allocated using the ASC relative needs formula.

- The Market Sustainability and Improvement Fund (MISF) will be £1.1bn in 2024. This now includes the rolled in MSIF Workforce fund with total funding levels between the two funds unchanged from 2023-24.

- The Improved Better Care Fund (IBCF) will continue with the same quantum and distribution as 2023-24. The ASC Discharge Grant will increase by £200m nationally using the existing IBCF grant formula.

- The New Homes Bonus will continue in 2024-25 as an annual grant at the same level and using the same calculations as the previous year.

- Services Grant will reduce by £406m in 2024-25 to £77m in England, and a proportion will be held back as contingency for any unexpected movements (e.g. within the New Homes Bonus Grant).

- Public Health and Homelessness Prevention Grant allocations have not yet been announced.

- The Government launched a data collection exercise and is seeking to consult on the potential of using financial levers in future settlements to disincentivise the practice of implementing a four-day working week.

11.2 Hackney’s CSP has increased by 6%, from £336.6m to £356.8m. However, this will be entirely offset by inflation and will leave us significantly below our 2010 real terms funding levels.

11.3 A continuing issue with the calculation of Core Spending Power, is that what is presented as “making available” funding is in large part, the ability for local authorities to raise council tax to cover shortfalls in government funding. This hurts our community, especially given the regressive nature of council tax, and the additional burden this places on residents already suffering multiple pressures through the cost of living crisis.

11.4 Social Care Grant increased broadly in line with the announcement in the 2022 Autumn Spending Review - the main difference being the additional ASC Market Sustainability and Improvement Fund (MSIF) funding that was announced in July 2023. Overall our entitlement to Social Care Grant, MSIF and the ASC Discharge Fund increased from £34.478m in 2023-24 to £44.963m in 2024-25

11.5 Hackney's Services Grant entitlement will reduce from £4.5m in 2023-24 to £0.7m in 2024-25. This is a significant reduction for which we were given no prior warning.

11.6 The Provisional Statement made no indication that the Household Support Fund, due to end in April 2024, would be extended. The fund provides councils with essential funding to help low-income residents struggling to afford their energy bills and fund emergency food support services. The Fund is worth £5.6m in 2023-24.

11.7 Finally, the 2024/25 Provisional Local Government Finance Settlement gave us little information of funding allocations for the following years. Little is known about the aggregate Local Government budgets post 2024-25 and still, no decision has been taken on the timing and scope of the local government funding review and business rates reset.

11.8 On 24th January 2024, the Government announced that it would increase local authority funding over and above that announced in the provisional 2024-25 LFGS, by £600m. The funding will primarily see an additional £500m added to the Social Care Grant. In addition, £100m will be added to: - the Fair Funding Guarantee, increasing it from 3% to 4% (the Fair Funding Guarantee ensures all councils will receive at least a 4% increase in core spending power in 2024-25; the Rural Services Delivery Grant total; and to the Internal Drainage Boards allocation. As a result of this, LBH's CSP increased by an estimated £3m to £359.7m (+6.9% from 2023/24)

11.9 On future funding levels the Autumn Statement 2023 stated that planned departmental spending will grow at 1% a year in real terms (accounting for inflation) from 2025-26 to 2028-29. No detail was given on how individual departments will be affected but the Institute for Fiscal Studies have estimated that, based on reasonable assumptions about what may be needed for the NHS and schools and existing commitments on defence, overseas aid and childcare, funding for other services in England may need to be cut by an average of over 3% per year in real terms. It follows that pressures on external funding allocations are likely to continue if these departmental spending plans are carried out.

12. GENERAL FUND PRINCIPLES 2023/24

Inflation and Local Government pay

12.1 The Government's preferred measure of inflation for economic management purposes is the Consumer Price Index (CPI). CPI is also the measure that the Bank of England's Monetary Policy Committee must target when setting the Bank Rate. The latest inflation figures from the Bank of England are as follows:

	Year on year increase CPI
November 2020	0.3%

November 2021	5.1%
November 2022	10.7%
November 2023	3.9%
2024 (Estimate)	3%

12.2 There will inevitably always be some costs which don't correlate with CPI e.g. Levies and Concessionary Fares and care contracts which are aligned to more local indices. Where known to be unmanageable within existing cash limits, specific provision has been made in the budget proposals as set out above.

12.3 For 2024/25 we have assumed an additional 3% on pay budgets (£6.6m).

Concessionary Fares

12.4 The costs associated with Concessionary Fares have witnessed a rise as the effects of the Covid pandemic recede. The resurgence in travel demand, particularly among Freedom Pass holders, has led to a substantial increase in journey volumes. Consequently, the borough charges have seen an increase forecast for the 2024/25 period, with Hackney's estimated charge at £10.6m, an increase of £1.9m compared to the previous year. This heightened expenditure has been incorporated into our budget assumptions for 2024/25. We anticipate a sustained uptrend in demand beyond 2024/25, and are actively engaged with London Councils on cost projections, which will be built into our medium term financial planning.

North London Waste Authority Levy

12.5 The North London Waste Authority (NLWA) charges Hackney, by way of an annual levy, for the disposal of the Borough's waste from residents and businesses. The levy in 2024/25 is estimated to be £9.8m (excludes chargeable household waste cost), which is a circa £2.3m increase from the previous year.

12.6 The Council is one of seven constituent boroughs of the North London Waste Authority (NLWA). NLWA handles waste disposal on the Council's behalf and recovers the costs from the Council by way of a levy. Borough levies are apportioned between the constituent boroughs in accordance with an Inter-Authority Agreement entered in 2015. The NLWA is presently undertaking a refresh of its treatment infrastructure in the North London Heat & Power Project (NLHPP). This project involves £1.2bn (2019 cash price base) of expenditure on new assets including a 700,000 tonne Energy Recovery Facility and a Resource Recovery Facility. As a result of this and partly because the current treatment assets are fully depreciated, the NLHPP will cause an increase to the Council's levy, by 2033-34 the increase will be in the range £3m-£7m per year. This increase will impact on the levy as the assets come into use, with most of the increase being in place by 2027/28. Constituent boroughs have been kept up to date by NLWA on likely levy increases arising from the NLHPP since 2019.

12.7 We could see our annual levy increase to £16m by 2027/28. Mitigating this additional cost, through waste minimisation and maximising recycling, is key.

Use of Reserves

12.8 These budget proposals do not include any planned use of reserves. It is emphasised though that the Council holds earmarked reserves against a number of risks and that should cost pressures continue to rise across service areas these reserves will be called upon. Further detail in this regard is set out in the statement by the S151 officer on the robustness of estimates and the adequacy of proposed reserves at Appendix 11.

Pension Fund

12.9 In previous Budget Reports, Members have been provided with updates on the Fund's climate targets, the impact on the Pension Fund of the McCloud case, changes to the Fund through asset pooling and the 2022 valuation process and how this might impact on Council budgets.

12.10 The 2022 valuation process is now complete, with the final valuation report signed off on 30th March 2023. To assess the funding level, the Fund Actuary took into account a wide range of factors to assess the liabilities that the Pension Fund needs to meet over the longer term and the assets that the Fund holds to meet these liabilities. As at 31 March 2022, fund assets totalled £1,965m, while liabilities were £1,861m, resulting in an overall funding level of 106%. The overall monetary surplus (the gap between assets and liabilities) was £104m.

12.11 Following the receipt of the valuation data, discussions took place with employers in the fund to determine appropriate contribution rates. Given the position of the Council as a long-term stable employer, the Council's contribution rate was reduced to 27% for 2023/24, 2024/25 and 2025/26. The reduction has been achieved through a realistic approach to funding the Council's pension scheme, recognising that maintaining contribution rates in the short term can reduce longer term funding pressure on the Council.

12.12 It should be remembered that the valuation is heavily reliant on the actuarial assumptions used and that the stated funding level is extremely sensitive to those assumptions. The Fund's Actuary has confirmed that the assumptions used for 2022 valuation remain valid, although it should be noted that the value of both the Fund's assets and liabilities have decreased during the recent period of high inflation.

12.13 Benefits built up by some LGPS members between 2014 and 2022 may be affected by the McCloud case, which ruled that transitional protections introduced in 2014 to older members were discriminatory against younger members of the scheme. The Fund Actuary has made an allowance in the 2022 valuation for the cost of these potential increases based on guidance from the Department of

Levelling Up, Housing and Communities (DLUHC). The impact is expected to be minimal for most employers; the impact on the Council as an employer will become clearer as the project progresses.

12.14 The Pension Fund has continued to work hard to collaborate with other LGPS funds both through national procurement frameworks and through the London Collective Investment Vehicle (LCIV). LCIV is part of the Government's asset pooling agenda for LGPS funds, which requires funds to pool their investment assets to achieve economies of scale, greater assurance around governance, reduced costs and an improved capacity to invest in infrastructure. The Pension Fund has now transferred a significant portion of its assets onto the CIV platform, through implementation of its agreed investment strategy.

12.15 The Fund will continue to move further assets to the LCIV as suitable funds to deliver its investment strategy become available. Over time such changes may deliver significant benefits in terms of cost savings and opportunities to benefit from investment returns. Such benefits will however take time to flow through to the Pension Fund and ultimately the Council and therefore are not able to contribute to budget savings at this time.

12.16 In 2016, the Fund set a target to reduce its exposure to carbon reserves across its equity portfolio by 50% over 6 years. Between 2016 and 2022, the Fund was able to reduce this exposure by 97%, significantly exceeding the 6 year target. Whilst significant progress has therefore already been made, the previous target did not capture the Committee's wish to make a positive contribution to the transition to a low carbon economy. The Committee has therefore set 3 new interim targets to focus on the positive climate impact of the Fund's investments and help measure progress against the Fund's 2040 net zero ambition.

12.17 The Fund's new climate targets are as follows:

- to reduce the fund's carbon footprint by 50% by 2030. This will cover carbon emissions across all sectors of the economy, unlike the fund's previous carbon reserves target which focused on energy companies.

- to align the fund's portfolio to a 2C warming scenario by 2030 with a 1.5C goal for 2040. This is a forward-looking target to help the fund focus on driving change in the real economy by investing in assets that make a positive contribution to the transition to net zero.

- to allocate 10% of assets to climate solutions over the next five years. This could include assets that help avoid carbon emissions, such as renewable energy or nature-based solutions such as sustainable forestry which can help remove carbon from the atmosphere.

Whilst these targets do not contribute directly to the Council's budget savings, robust management of ESG risk could make a positive contribution to future Fund performance, helping to reduce pressure on the Council's contribution rate over the longer term.

13.0 COUNCIL TAXBASE, COLLECTION RATE AND COLLECTION FUND SURPLUS

13.1 For 2024/25, the referendum limit is 2% for the social care precept and 2.99% for general spending.

13.2 In recognition of the significant pressures on adult social care budgets, both in terms of increased cost of provision and increased demand for the service; and significant cost pressures in other services; this budget proposes to increase the Band D Council Tax rate by 2% in respect of adult social care and 2.99% in respect of other services giving a total increase of 4.99% for 2024/25. This proposal will generate around £5m in additional resources which will help protect adult social care services and other services.

13.3 To determine the total amount of income to be raised from Council Tax for 2024/25, both the amount expected to be collected (the collection rate) and the physical number of properties in the Borough (the taxbase) must be considered.

13.4 There are a number of factors to be considered when assessing the likely collection rate for 2024/25. Collection rates since 2020/21 have been adversely affected by the Covid-19 pandemic, the cyber attack and latterly by the cost of living crisis. The collection rate for council tax in 2023/24 was set at 92.5% but now the Council Tax and NNDR databases are up to date and the systems are fully operational, we expect a higher collection rate in 2024-25. However, the collection rate will continue to be depressed by the cost of living crisis. It is very difficult to estimate what the actual rate will be given the impact of this on residents' ability to pay which make it, as ever, more important that we continue to provide and signpost to support where it is needed in a timely manner to prevent arrears positions escalating for taxpayers. Notwithstanding this we believe a collection rate of 93.5% is achievable and this is what we have assumed in the taxbase calculations.

13.5 If actual collection in the forthcoming year exceeds the budgeted collection rate this could generate a surplus in the Collection Fund which would provide additional one-off resources available for use in 2025/26 and beyond, either for one-off revenue spending (including on expenditure pressures) or the Capital Programme. If on the other hand, the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2024/25, the major part of which would need to be met from Hackney's 2025/26 Budget.

13.6 A collection rate of 93.5% results in a tax base of 77,766.9 Band D equivalents.

13.7 The calculation of the taxbase for 2024/25 was finalised and approved by Council on 24th January 2024.

14. OVERALL POSITION ON THE GENERAL FUND

14.1 The overall 2024/25 proposed budget position is summarised in the table below.

TABLE 2: NET EXPENDITURE BUDGETS 2024-25

Table 2	2024/25 Budget £m	2023/24 Budget £m
Net Expenditure Budgets		
Adults Services	93.134	85.417
Public Health (Note 1)	37.811	36.324
Children's Services	62.212	58.834
Education	23.229	22.001
Education – Schools Budget (estimate)	255.521	239.086
Less Dedicated Schools Grant (estimate)	-255.521	-239.086
Climate, Homes & Economy	21.211	18.696
Chief Executives	21.158	20.683
Finance & Resources	61.154	55.290
HRA Recharge	-8.000	-8.000
Directorate Cash Limits (Note 2)	**311.909**	**289.246**
General Finance Account (Note 3)	65.950	66.189
Net Expenditure Budget	**377.859**	**355.435**
Revenue Support Grant Allocation	-43.696	-40.982
Top up Grant (Note 2)	-74.222	-68.084
Retained Business Rates adjusted for prior year surplus	-54.299	-48.357
Public Health Grant	-37.041	-35.871
New Homes Bonus Grant	-0.185	-1.901
Services Grant	-0.707	-4.491
Better Care Fund	-7.700	-7.700
Additional Better Care Fund	-14.137	-14.136
Prior year Council Tax surplus	-1.670	1.751
Other Income including S31 Grants (Note 4)	-34.864	-32.403
Resources	**-268.521**	**-252.174**
Council Tax Requirement	**109.338**	**103.260**

Note 1: Set equal to the 2023-24 actual grant as 2024-25 grant not published at the time of writing. Any additional funding will be vired to the service in 2024-25

Note 2: The increase in cash limits is primarily due to the 2023-24 pay award exceeding the budget provision (the additional costs are rolled into the 2024-25 budget) and the allocation of additional funding to manage additional cost pressures and growth

Note 3: The GFA includes budgets for items such as Pension contributions, Concessionary Fares, NLWA Levy, Capital Items, Energy provision, 2024-25 Pay award and RCCO.

Note 4: Primarily compensatory S31 grant for the failure to index the business rates multiplier in line with inflation and the S31 Retail, Hospitality and Leisure Grant to compensate for the reliefs we will pay out

14.2 At paragraph 3.2.2 Cabinet is asked to consider and recommend to Council for approval, the budget estimates for 2024/25 for expenditure budgets totalling £377.859m, included in the table above. Of this total £319.909m is allocated to directorates (before HRA recharge) to deliver a range of services to residents ranging from statutory support to some of our more vulnerable residents such as social care packages and support for those who are homeless and investment in targeted work to prevent escalation of need, such as targeted youth work through to the provision of universal services which all residents will be familiar with such as waste collection and maintaining our parks to a high standard. Further details on how these budgets will be spent are set out in the tables below.

Where the Council will spend the money in 2024/25

Adult Services - Net budget £93.1m
Adult Social Care plans to spend their budget on statutory Adult Social Care services from assessment of need, hospital discharge planning and the commissioning and provision of care and housing related support. We will support residents who have statutory need for care and support, which includes but is not limited to those with learning disabilities, mental health conditions, physical disabilities, sensory impairments as well as older people and unpaid carers. Services provided include: safeguarding vulnerable adults; providing information and advice to residents including linking people to universal and preventative services including reablement; planning and paying for individual packages of care for clients ranging from support in the home to residential and nursing placements for those with a high level of need and ensuring our service users have out of hours support in an event of an emergency. Adults Social Care continues to work with a number of key stakeholders, including the NHS North East London Integrated Care Board (NEL ICB), Homerton Healthcare NHS Foundation Trust (HHFT), the East London NHS Foundation Trust (ELFT), and a range of third sector partners as well as independent providers to deliver joined up care for people in Hackney.
Public Health - Net budget £37.8m
Spending will be in accordance with conditions of the ring-fenced Public Health Grant. In 2024/25 we will spend our money on a range of services including sexual health services, services for the 0-5s (including health visiting), substance misuse services, health promotion and prevention for children aged 5-19 (including school nursing and young people's sexual health services), obesity prevention work, mental health services, smoking cessation and dental health checks. We will also use the ring-fenced grant to provide continuation funding for the community champions programme. Additionally the grant funds the core public health staff team, which includes some of the Population Health Hub, as well as staffing for public health intelligence and strategy, commissioning and contract management. The service level agreement with the City of London to manage a number of public health services for City residents, for which the City pays

agreed service contributions and management fees, will continue.
Children's Services - Net budget £62.2m
The Service will work with families to support safe and effective parenting where children are at risk of significant harm. Where it is not possible for children to be safely cared for within their family network, the Service will look after those children. The core focus is child protection, children in need, supporting families where their children are on the edge of care, securing positive long-term life chances of children looked after by the Council and providing universal (for example, youth services provision) and targeted early help and prevention services for Hackney's children and young people (for example, parenting support). Expenditure in this area will be predominantly on staffing (mainly social workers, youth workers and other practitioners) and on the care (foster care or residential) for our looked after young people. The Council will also deliver a Domestic Abuse Intervention Service from this budget.
Education - Net Budget £23.2m
Hackney Education (HE) will spend its non-delegated budgets on statutory services such as admissions and school place planning and also services such as school improvement services to ensure delivery against the vision that all schools in the borough are graded good or better as soon as possible. Currently circa 92% of pupils at maintained provision attend good or better schools. HE invests in young people with Education & Health Care Plans (EHCP) to ensure they receive the support and education they need in mainstream schools or specialist schools and provision. The High Needs Budget also provides for our pupil referral unit at New Regent's College. The early years service passes on government funding for 2, 3, and 4 year old provision across the borough. We also maintain a range of early years activities, services, support and childcare across our children's centres. The early years service provides quality assurance for the range of settings across the borough.
Climate, Homes and Economy- Net Budget £21.2m
These General Fund budgets will be spent on a wide variety of front-line services which benefit all of our residents. These include: Cleaning our streets and collecting and recycling both domestic and commercial waste - including activities to promote and directly impact recycling in the borough - including the provision and emptying of 'recycling & go bins', zero waste hubs for unwanted electrical and other goods, work in schools to actively promote recycling. Managing parking and parking enforcement. Managing our six street markets and management and marketing of shop front trading with an emphasis on local growth. Management and maintenance of our public highways, cycle ways, footpaths and streetlights including ensuring our increased number of street trees are maintained and promoting walking and cycling in the borough.

Managing and maintaining Hackney’s parks, green spaces and its seven sport and leisure centres. Hackney’s green spaces range from potentially the largest concentration of football pitches in Europe at Hackney Marshes to 29 Green Flag Parks including Springfield and Clissold. Developing and implementing planning policy for the borough, consulting and determining planning applications and enforcing planning breaches where necessary. The preparation of the Council’s Local Plan, and accompanying Area Action Plans, Supplementary Planning Documents, the Authority Monitoring Report and a broad range of evidence and research documents to justify/inform the plans and ensure effective implementation. Building Control ensures that buildings are properly designed and constructed to meet regulatory requirements that guarantee the health, safety and welfare of people in or around buildings. Providing community safety and enforcement services across the borough. This ranges from a preventative focus through our integrated gangs work as well as civil protection, and an enforcement team with officers empowered to enforce a range of legislation, including streetscene enforcement, anti-social behaviour (ASB) and noise nuisance. Regeneration services including estate regeneration, supplying new affordable homes including Hackney Living Rent properties alongside teams focussed on area regeneration delivering and coordinating strategic regeneration in the borough in line with the Council’s Inclusive Economy Strategy which sets out a new approach to regeneration and economic development aimed at maximising the local benefits of growth. Private Sector Housing is responsible for driving up standards in Hackney’s privately rented homes by tackling rogue landlords, supporting private renters and encouraging the professionalisation of the sector, in line with the Council’s #BetterRenting commitments. As well as providing a responsive complaints service, the team proactively enforces property licensing schemes across three wards. Housing Strategy and Policy Service is responsible for developing, monitoring and implementing housing policy in line with the Council’s strategic objectives and manifesto commitments, developing and overseeing the implementation of the Council's Housing Strategy. An integrated Adult Education and Hackney Works team supporting local people into work through one to one work and working in partnership with other agencies. In addition, Hackney’s Supported Employment Team has continued to deliver on the commitment to ensuring young people, with Special Educational Needs and Disabilities (SEND) aged 16-24, have access to high quality employment opportunities, through further development of its Supported Internship Programme.
Chief Executives - Net Budget £21.2m
This area of the budget delivers key strategic functions as well as some frontline delivery including: Running the legal and governance services for the Council, ensuring it is legally compliant and that processes are clear and transparent and includes servicing the Council’s many meetings throughout the municipal year.

The Council's Policy and Strategic Delivery as well communication functions. Business Intelligence, Elections and Member Services. Culture services, including the provision of eight libraries and a community library service with a range of partners which aims to connect with all sectors of the community, as well as Hackney Museum which is recognised as one of the best community museums in the capital. These services will also continue to tackle digital exclusion through provision of public PC use.
Finance & Resources - Net Budget £61.2m
The Finance and Corporate Resources directorate contains a combination of front-line and support services. Significant front-line services supporting our communities include housing benefit services and overseeing the crisis support scheme for residents as well as managing housing allocations, providing housing advice, working to prevent homelessness but also providing temporary accommodation (TA) where it is needed. There are currently over 3,000 households in TA across the borough, and TA approaches from residents have increased. In 2022/23 total approaches across the year totalled 4,085. In 2023/24 there were 2,874 approaches up to the end of November. The Revenues Service delivers the statutory administration of Council Tax billing and collection, Non Domestic rate billing and collection, Housing Benefit Overpayment collection and Temporary Accommodation former tenant arrears collection. Support functions include Finance, ICT, HR and Property Services. The finance function manages the Council's finances, producing financial plans, supporting services to deliver against these plans, producing statutory accounts, undertaking audits to ensure we have the proper controls in place to protect public money and collecting income due including Council Tax and Business Rates. The Strategic Property Services team runs the Council's portfolio of corporate, commercial and voluntary sector properties as well as delivering capital projects (including for schools) and managing the maintenance of the estate. It sets out investment plans and advises the wider Council on matters of development, tenancy, planning, asset performance and Health & Safety compliance. The ICT function provides and manages our ICT networks, supporting residents to access our services in an efficient way and also running a contact service ensuring residents can reach us with a range of queries and requests regarding our services. Finally, our Human Resource services work to support our managers and staff including in recruitment and delivering the payroll service.

14.3 In addition to the above there is also the General Finance Account (GFA). This is where all expenditure that is not easily attributable to any division or directorate is contained. Gross expenditure budgets contained in the GFA include; NWLA Levy, Corporate contingencies, Pension Back funding, Concessionary Fares, Minimum

Revenue Provisions, contribution to lifecycle funding for the Hackney Service Centre and Revenue Contributions to Capital Outlay. The GFA also includes the budget estimate for the pay award for 2024/25 which will be vired to directorates in due course depending on the outcome of 2024/25 pay negotiations.

15.0 LEVIES

15.1 The Council receives levies from a variety of other bodies, which it must meet from within its total budget requirement. The levies include those from the North London Waste Authority (NLWA), the Environment Agency, the Lee Valley Regional Park Authority (LVRPA), and the London Pensions Fund Authority. In addition, the Council also pays into the London Borough Grants Scheme (LBGS).

15.2 Other than the NLWA levy, which is apportioned on a different basis, the levies are apportioned on shares of Band D taxbase. As mentioned at Paragraph 13.6 above, the taxbase for Hackney for 2024/25 was agreed at 77,766.9 Band D equivalent properties and this figure has been used for apportionment of the applicable levies. The number of Band D equivalent properties can be thought of as the average number of properties liable to pay council tax.

15.3 The following table summarises the 2024/25 levies and the 2023/24 levies for comparison.

Levying Authority	**2024/25**	**2023/24**
	£m	**£m**
North London Waste Authority*	9.82	7.56
London Pensions Fund Authority*	0.46	0.46
Lee Valley Regional Park*	0.20	0.20
Environment Agency*	0.18	0.18
London Borough Grants Scheme*	0.21	0.21
TOTAL	**10.87**	**8.61**

*Provisional

16.0 PRECEPTS

16.1 The only body which issues a precept to the Council is the Greater London Authority [GLA]. Payments to the GLA will be made from the Collection Fund. The GLA advises the Council of the total amount of precept required and calculates the amount of Council Tax this equates to. The precept will be net of government support. The amount of Council Tax required, as calculated by the GLA, is added to the Council's own calculation to give the total Council Tax to be charged.

16.2 The GLA Group Budget Proposals and Precepts were published in December 2023. The final consolidated draft budget was published on 17 January 2024 and will be presented to the London Assembly for final decision on 22nd February 2023. The final consolidated budget requires a precept of £471.40 per Band D property, which is an 8.6% increase from 2023/24. The total GLA precept for Hackney will be £36.659m.

16.3 The table below shows the increase in Hackney's and the GLA's council tax compared to the 2023-24 values

	2023-24 Band D £	2024-25 Band D £	Increase £	% Increase
Hackney	1,339.15	1,405.97	66.82	4.99%
GLA	434.14	471.40	37.26	8.58%
Total	1,773.29	1,877.37	104.08	5.87%

17. HACKNEY'S COUNCIL TAX FOR 2024/25

17.1 A description of the Council Tax regime is set out in **Appendix 4** as background information for Members. The Council Tax figures set out below are based on a 4.99% increase in the Council Tax and a collection rate of 93.5%. The collection rate is in line with the Council's Medium-Term Financial Plan and assists the Council to continue to deliver high quality services, financial stability and first-class local facilities.

Table 3: Council Tax Income

COUNCIL TAX TO BE RAISED	2024/25
	£m
Net Budget Requirement	**377.859**
External Support	-212.552
Retained Business Rates	-54.299
Collection Fund deficit & Council Tax Support and Govt. Grant	-1.670
Council Tax requirement for Hackney	**109.338**
Council Tax requirement for the Greater London Authority (GLA)	**36.659**
Overall Council Tax Requirement	**145.997**
No. of Band D equivalent properties (the Council's Taxbase)	77,766.9
Basic amount of Council Tax for Hackney £	**1,405.97**
Basic amount of Council Tax for GLA £	**471.40**
Total Basic amount of Council Tax (per Band D property) £	**1,877.37**

17.2 Members should note that decisions around the level of Council Tax increase must be made with reference not only to local political and financial considerations but also taking into account the Government's controls over Local Government spending such as the use of local referendum powers. In addition, the Council has to formally consult with representatives of the local business community. Local business representatives are invited to a consultation meeting held on the 19th February 2024 to discuss the final budget proposals.

17.3 The amount of the Council's General Fund revenue expenditure to be funded from Council Tax is £109.338m

17.4 The formal resolutions by Council to agree the budget and Council Tax rate are set out in the recommendations to this report. These can only be agreed by Council. The decisions cannot be delegated.

18.0 FUTURE YEARS COST PRESSURES AND BUDGET PLANNING

18.1 The finance strategy underlying the budget is unchanged from previous years such that the budget is not looked at solely in isolation of the year in question but also in terms of the issues that may affect the budget in future years.

18.2 The Council produces its Medium-Term Financial Plan and the Interim Group Director of Finance also updates CLT and Cabinet on the future year's indicative budgets on a regular basis throughout each year.

18.3 The Council is experiencing significant cost pressures in Adult Social Care, Children's Services and in Temporary Accommodation. A further pressure arises from the 2023-24 Pay Award. These pressures have been highlighted in our budget monitoring reports to Cabinet for 2023/24. The pressures in Adult Social Care primarily reflect increases in demand, particularly from hospital discharges and increased complexity of client needs. In Children's services, the major cost pressure is in Corporate Parenting which is linked to increases in the unit costs which in turn reflects the increased complexity of care for children and young people coming into the service. In addition restricted supply nationally coupled with higher demand results in an extremely competitive market for placements, which has driven up costs. High inflation has also impacted on costs through high energy and fuel costs, and the rising cost of care packages and temporary accommodation. Going forward we anticipate further demands on our services and increased unit costs. The 2024/25 budget includes significant increases in cash limits for Adult Social Care and Children's Services and increases in social care grants will go towards specific pressures in this area of spend. We have also set aside in the General Finance Account further funds to meet increased energy prices. At a service level, the following cost pressures and management actions are noted:

18.4 Adults, Health and Integration

18.4.1 In Adult Social Care increases in the cost of care packages have exceeded allocated demographic growth year on year, which represents an additional cost pressure and is factored into the forecast as it materialises. The cost of living crisis, increased interest rates, COVID-19 legacy and social care reforms add additional burdens to existing pressures within Adult Social Care. This significantly impacts people's ability to live independently, therefore the Council is seeing increased demand, particularly for more complex needs cases, which require a more comprehensive support package. Service demand continues to rise which affects all age groups and inflationary pressure causing providers to raise their prices are impacting the Council as a whole, with particular pressures on Adults.

18.4.2 There continues to be an increase in people being discharged from hospital with intensive care support packages which will be partially offset by the new discharge grant and other one-off funding for social care recently announced by the Government, however this additional revenue is significantly below the additional cost pressures forecast.

Work to reduce cost pressures in this area includes:

- Implementation of a new quality assurance process, bringing together multiple processes into one enabling closer financial oversight and strategic oversight across all operational services

- Establishment of a Fair Cost and Quality Review Team on an initial 12 month pilot to undertake a programme of Individual/Provider/Care based reviews with the following strategic aims:
  - ➔ reduce the current level of spend as it is not sustainable
  - ➔ to embed a ‘strengths based approach’ to care assessments, reviews and planning
  - ➔ working towards maximised service user independence, choice and control and step down from more intensive forms of social care, where appropriate
  - ➔ Opportunity to link the needs of service users, desired outcomes and the price paid for community support services in a clear, transparent model
  - ➔ Providers commissioned against a clear commissioning strategy and specification, playing an active role in shaping & enabling maximised Service User outcomes

- Working with mental health partners to bring expenditure back in line with the budget. This will be delivered through joint working group meetings and measures include the use of the Care Cubed tool to assess the cost of care, targeting the highest cost care packages as well as being used to review all existing care packages. Commissioners are now working on re-introducing a framework to reduce the reliance on spot purchase and are also reviewing the HRS block contract to ensure efficiency.

18.4.3 Hackney remains an area with significant health inequalities and very high levels of need especially for the clinical services commissioned by Public Health including substance misuse, sexual health and school aged health services. In Public Health there continue to be cost pressures from providers experiencing very significant cost inflation especially from NHS pay awards. Need for many services has increased due to displacement from the COVID pandemic and direct impact of lockdown.

Work to reduce cost pressures in this area includes:

- ➔ Proactively meeting with NHS providers to clarify NHS agenda for change pay increases have been met directly from the Department of Health and Social Care (DHSC)
- ➔ Recommissioning contracts with fixed pricing over an extended period
- ➔ Continuing the work to embed a more preventive approach across other statutory services through Health in All Policies

18.5 Children and Education

18.5.1 In looked after children and leaving care services there is a continuing financial pressure resulting from increases in the number of children and young people that have come into care since 2011/12, the significant increase in residential placements (30 young people in residential care as at January 2024) and the adverse ratio between independent foster care and in-house placements. In comparison to the previous year, the gross forecast for 2023/24 for Corporate Parenting placements has increased by £0.4m. Over the period from 2015/16 to 2022/23 the service has seen budget growth of £10.6m, however, increases in spend outstrips this growth year on year. Management actions have been developed by the service in this area and these include:

- A forensic analysis of residential placements, the service is targeting a reduction through a process of continual review.

- There is a significant increase in children moving to in house foster care arrangements (90% of all foster care referrals and 1 in 3 children referred to residential care are supported by an in house even if it’s interim basis). All children under the age of 16 are to be offered a foster placement as first option and residential and semi-independent placements are to be agreed in exceptional circumstances.

18.5.2 The cost of services in respect of young people with special educational needs due to the significant increase in young people with Education and Health Care Plans continues to be a significant issue for the Council. A cost which is meant to be met by the High Needs Block of the Dedicated Schools Grant; a funding source which until recently has seen growth which does not match the significant increase in demand. In 2024/25, Hackney expects to receive an additional

£1.9m in High Needs Block funding which represents a circa 3% increase. The 2023/24 in year pressure on SEND is £3.9m, and we usually have growth in expenditure of approximately £3-4m per year, so the funding allocated for 2024/25 will not allow us to address the forecast SEND deficit of £20.6m at the end of 2023/24. As a result, a major issue facing the Council is the continuing escalation in unfunded SEND costs and the resulting overspend in DSG.

18.5.3 Since 2006 the dedicated schools grant (DSG) has funded local authorities for their current expenditure on schools, early years and children and young people with high needs. This specific grant must be spent on the local authority's Schools Budget. At the end of each financial year, a local authority may have underspent or overspent on its DSG allocation. Until the last few years, few local authorities were recording DSG overspends, and those overspends were small. However, pressures on the high needs budget, referred to above, have led to more and larger overspends in recent years. Further many local authority Section 151 Officers concluded that if their DSG account is in deficit, they need to be able to cover the deficit from the authority's general reserves – a view shared by organisations that audit local authority accounts. Given the size of some authorities' DSG deficits, and the other pressures on authorities' reserves, there was a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make.

18.5.4 In response to this, the Government announced at the beginning of 2020 that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process. The DfE have held discussions with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (formerly the Ministry for Housing, Communities and Local Government) about changes that it might make to the DSG conditions of grant and the regulations in order to create certainty that local authorities will not have to pay for DSG deficits out of their general funds. Such changes were written into regulations and under the regulations, effectively Local Authorities will not be permitted to fund any part of a DSG deficit from sources other than DSG itself until the end of 2025/26, the 31 March 2026 date was extended recently from an original expiry date of 31 March 2023. Should they wish to use core council funds then they will need to apply to the Secretary of State for permission.

18.5.5 Hackney was included in Tranche 2 of the Delivering Better Value (in SEND) programme which aims to help local authorities maintain effective SEND services, however the programme aims to provide assistance on deficit recovery actions/mitigations through a grant of up to £1m, rather than provide direct funding to address the deficit, hence the potential risk to the Council. The grant application has been successful and the funding will be received in instalments in 2023/24 and 2024/25.

18.6 Climate, Homes and Economy

18.6.1 Future cost pressures in Environmental Operations (EO) reflect a range of demand-driven challenges, including housing growth, population increases (including temporary influxes), and emergency responses. Inflation and the cost of living crises will continue to have an impact on the service, particularly in the areas of vehicle maintenance and consumable expenses.

18.6.2 Other priorities in terms of addressing the climate emergency will also continue to impact on the service budget, which has implications for the operation of our street cleaning function: - 5,000 street trees, which impact not only the leafing season but also the spring and summer with blossom, seed, and fruit; LTNs, which impact drive time and fuel usage; e-bikes, scooters, and bike hangers, which cause impediments to cleaning; and Sustainable Drainage System, which require litter picking and, in some cases, take longer to clean.

18.7 Finance and Corporate Resources

18.7.1 **Strategic Property Services**: With most of the concentration of spend on the main campus buildings in years past, there are a number of building assets within the portfolio that have received limited spend and are now in need of significant investment. These buildings are used by both housing services and General fund services and, therefore, maintenance will be covered by funding from both the HRA and the General Fund budgets. The amount of reactive work on these buildings is likely to increase due to essential maintenance requirements which will require increased budget going forward.

18.7.2 **ICT**: as local public services become ever more reliant on technology, effective ongoing investment in the Council's digital platforms will be increasingly critical. Future cost pressures are expected to come from: the need for further investment in maintaining current software and equipment; implementation of enhanced functionality and integrations; continued investments to defend against the growing cyber threats; investment in new opportunities to increase productivity and improve services (such as generative Artificial Intelligence (AI)); and the need for changes / new developments to support changes in service delivery across the Council's services. There are also ongoing cost pressures arising from inflation and foreign exchange rates (given the global nature of the market for ICT).

18.7.3 **Housing Needs**: the ongoing pressures of the housing crisis and cost-of-living crisis will continue to drive demand (and costs) for temporary accommodation and homelessness prevention support for residents. Factors driving these pressures include increasingly constrained supply of affordable housing (in both the private and social rented sectors); landlords exiting the market for affordable rented accommodation and temporary accommodation; increasing complex needs of residents presenting as homeless requiring specialist support provision; and more residents being affected by increasing living costs and the financial impacts of welfare reform. The impact of increasing living costs on residents may be partly alleviated by the announcement that Local Housing Allowance rates will increase from April 2024 but there is the likelihood that households will still be impacted by the benefits caps due to the level of private sector rates in the borough. It should be noted that this change does not apply to households presenting as homeless and therefore there is no mitigation to the cost pressures for Temporary Accomodation.

18.7.4 **Benefits:** the Government has announced that the roll out of Universal Credit (UC) has been extended further to 2028, but following recent updates from the Department of Work & Pensions (DWP) we are expecting further significant migration to UC over the 2024/25 financial year. This will reduce the volume of benefits processed directly by the Council and the funding from DWP for this work.

18.8 Summary approach to cost pressures

18.8.1 The above highlights that there are potentially significant future demand and cost pressures. Further budget growth has been factored into our medium term financial plan to meet some of these risks however as far as possible officers need to work to contain these pressures in order for the Council's financial plans to be sustainable. Although the Council also retains some capacity in its reserves to mitigate some of these risks, reserves are one-off, once they are gone they are gone and this is therefore not a long-term solution.

19.0 ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES

19.1 Section 25 of the Local Government Act 2003 requires the Council's Chief Finance Officer (The Interim Group Director of Finance) to report on the robustness of the estimates and the adequacy of the proposed financial reserves.

19.2 The Interim Group Director of Finance has reviewed the budget proposals recognising the ongoing challenges, particularly those set out in Section 18 to this report alongside the current level of earmarked reserves which act as a mitigation to these challenges. This review is recorded in the Section 25 statement included at Appendix 11 to this report. The review considers:

- The macroeconomic context and in particular future funding prospects.
- The Council's track record in financial management and governance
- Compliance with codes and standards
- Robustness of estimates including the adequacy of budget growth and income collection assumptions
- Savings plans and risks around delivery
- Adequacy of reserves taking account of the CIPFA resilience index and historical reserve drawdowns
- Capital programme with particular regard to capacity to repay borrowings and meet debt servicing costs

19.3 In summary, it is the opinion of the Interim Group Director of Finance (S151 officer) that estimates and balances are sufficiently robust and at the appropriate level with due regard to the risks set out in the Section 25 Statement.

19.4 There has in recent years been a decline in the level of earmarked reserves which we hold against specific risks as those risks have materialised and reserves drawn down. It is important, in order to maintain our financial resilience and to avoid the requirement to make short-term decisions which will impact on our residents, for the Mayor, Cabinet and the Corporate Leadership Team to develop robust plans to deliver against the revised Medium Term Financial Plan included at Appendix 5 to this budget report. This will mitigate a further significant decline in our reserves.

19.5 Overall, the Council has taken a long term and strategic approach to managing the budget gap over a number of years and this has allowed and continues to allow proposals to be developed to cover a range of years to enable services to be properly and fully reviewed. As set out in Appendix 11 the Council holds earmarked reserves to mitigate the risks to the budget. These risks have been set out in this report alongside the measures in place to mitigate these risks. The clear advice of the Interim Group Director of Finance is that the current level of General Balances should be held at the existing position of £17m which is in line with our current policy to not allow the general balance to drop below £17m. Cognisant of the uncertainty in which this budget is set and the ongoing nature of some of the risks set out the aim is to increase these to £20m over the medium term period to 2026/27 from a review of current earmarked reserves.

20. HOUSING REVENUE ACCOUNT

20.1 Formal proposals for the Housing Revenue Account (HRA) Budget including Tenants Rent and Service Charges for 2024/25 were included as an item to the January 2024 Cabinet Agenda.

20.2 The rent increase of 7.7% in the 2024/25 budget is in line with the Government's policy for social rent, which is CPI (as at September)+1%. This will result in an average rent increase of £8.91 from £115.68 per week to £124.59 per week.

20.3 Service charges for tenants are based on a pooled cost approach, where all tenants receiving a service are charged the same amount. The proposed charges will ensure that the income recovered matches the level of expenditure on these services. As part of our commitment to provide value for money to tenants we have been able to freeze some service charges for 2024/25 through the efficiencies we are making in these services. The exceptions to this are charges for CCTV and landlord lighting which are increasing in line with the cost inflation for these services. The proposed service charges for 2024/25 are as follows:

	2024/25 Charge £ per week	2023/24 Charge £ per week
Grounds Maintenance	2.15	2.15
Block Cleaning	6.11	6.11
Estate Cleaning	2.66	2.66
Landlord Lighting	3.27	3.06
CCTV Monitoring	0.51	0.47

20.4 For those blocks with a concierge service, Cabinet approved in January 2018 that increases to charges for the concierge service will include a requirement for the service provider to pay London Living Wage. This year's increase is in line with contract price inflation which is linked to the increases to London Living Wage.

20.5 The Housing Service continues to invest in tenant sustainability services and work collaboratively across the Council, and in partnership with the Department for Work and Pensions (DWP), advice providers, and other partners to co-design ways to boost benefit take up and income maximisation (involving the local Universal Credit Partnership), prevent debt, as well as consolidating approaches to debt collection and preventing evictions. The service is committed to working with tenants by providing crisis support, income maximisation and debt support. We continue to work with partners to support the delivery of the Council's Poverty Reduction Strategic priorities.

21.0 RECHARGES

21.1 The budgets shown at paragraph 14.1 are before central recharges. The majority of central services cost centres will be fully or partially recharged to front line services in accordance with CIPFA Service Reporting Code of Practice.

21.2 This will be carried out in March 2024, after consideration of the budget by full Council but this has no impact on the Council's overall budget.

22.0 CAPITAL

22.1 This report sets out an indicative three year programme which is designed to deliver an ambitious Capital Plan in order that the Council strategic objectives are met. It also details the impact of reduced supported funding for the Capital schemes and that the Council will need to borrow in order to ensure it has sufficient resources to deliver the Plan. Having a longer-term outlook of the Capital programme, as presented here, will allow for better financial management of the resources as this captures requirements over the life of the projects which can then effectively be fed into the Council's Treasury Management. Going forward, given the increasing impact on revenue budgets in the long term, we are extending this forward look further to a 10-year time frame, see Capital Strategy (appendix nine) for further details.

22.2 Due consideration continues to be given, through the governance structures already in place, to how the UK's changing economic position is impacting on key parts of the capital programme as it currently stands. Adjustments to plans will be made where it is deemed in the best interests of the borough's long term financial sustainability.

22.3 This section and **Appendix 6** present the Council's indicative three-year capital budget, for 2024/25 to 2026/27, although it should be noted that formal resource approval is sought only for 2024/25. Annual profiling of capital spend will change, as schemes are developed more fully. The three year programme is included as it is used to inform the calculation of our prudential indicators, which are required for the next three financial years. The current year's (2023/24) forecast capital outturn position is included, to provide better understanding of the whole capital programme and put into context the capital investment of the following years.

22.4 The Council's programme for 2023/24 is budgeted at £212.7m, of which £103.1m relates to Housing and Regeneration, and £109.6m is non-Housing schemes. For the four years from 2023/24 to 2026/27, the programme budgets as a whole total £1.5bn. There are of course risks associated with the capital programme. A significant proportion requires substantial upfront investment financed by increased borrowing, to be repaid as capital receipts are realised from the sale of assets developed within mixed-use schemes (in the General Fund) and our substantial regeneration programme.

22.5 Hackney uses its resources effectively and therefore did not need to borrow externally on a long-term basis until the 2019/20 financial year, when we borrowed £80m from the Public Works Loan Board (PWLB). The expectation is that we will require more external borrowing over the medium-term window of 2024/25 to 2026/27, to temporarily cashflow significant parts of the capital programme being presented here but also as a longer-term funding source as capital receipts are depleted and other funding sources (e.g grants) limited.

Schemes

22.6 A granular analysis of the three-year indicative Capital Programme is presented in Appendix 6. The programme provides a breakdown for each directorate with a further summary of the Housing and Non-Housing requirements. Details of the new resource approvals being sought as part of this budget setting process are included in the schedules at Appendix 6.

22.7 The indicative programme incorporates schemes that will deliver the following:

- An ongoing and ambitious regeneration programme which will bring homes of different tenures to the market.
- Continued investment in our schools to ensure these are kept in a good state of repair as well as an increase in in-borough SEN places.

- Regeneration of our town centres.
- Ongoing maintenance of the corporate property estate and maintenance of our ICT infrastructure going forward following the current investment in upgrades to the Council's main technology platforms.
- A highways maintenance programme of £4.75m pa and associated schemes.
- Maintenance of the Council's parks and green spaces and libraries, including Stoke Newington Library, Stamford Hill Library and Kings Hall Leisure Centre.
- An ongoing commitment towards delivering on our zero carbon target, including decarbonisation of non-housing building stock, LED street lighting and cycle hangers.
- Working in partnership with City and Hackney CCG to build two new primary care facilities in the borough. The inaugural facility, the Portico, is anticipated to commence operations in the latter part of the financial year 2023/24. Subsequently, the second facility Belfast Road is projected to be operational towards the conclusion of 2024.

22.8 In April 2017 Cabinet considered and approved proposals to replace the Britannia Leisure Centre, deliver a new secondary school (City of London Academy Shoreditch Park) and at least 80 genuinely affordable homes paid for in part by the development of private for sale housing units. The Council prioritised the upfront delivery of the social infrastructure and affordable housing with the majority of the private for sale housing being delivered as part of the latter phases of the project. The brand new Britannia Leisure Centre opened in June 2021 and with its modern and wide-ranging facilities usage has already risen above the pre-pandemic levels of the old leisure centre. Also in June 2021, the City of London Academy Shoreditch Park were able to move from their temporary site in Audrey Street to the newly built school building adjacent to Shoreditch Park. As part of the masterplan, we promised to build 80 genuinely affordable new homes, the majority of which will be for social rent. The Government stalled these plans by refusing permission to repurpose land at Shoreditch Park Primary School despite a significant investment package being agreed with the school. The next stages of the Britannia masterplan have now been rephased but we are still ensuring that the genuinely affordable homes are delivered. The affordable housing will now be delivered on the Phase 2b site. As this scheme is funded primarily by sale of on-site private residential accommodation there is a significant element of risk. Brexit, followed by Covid, and an increase in inflation and thus interest rates has destabilised the housing market and there is considerable work continuing to monitor and manage this risk. There is a separate project board and governance process for Britannia in terms of ongoing project management and the relevant financial scrutiny.

22.9 The Council wishes to sustain its investment in its housing assets by ensuring all homes are maintained to a high standard, through a wide range of works and cyclical programmes that ensure compliance with legal and safety regulations and that protect against, and prevent deterioration of its buildings. In addition to investment in existing properties, the Council continues to progress three extensive regeneration programmes within the borough: Woodberry Down, the Estate Regeneration Programme (ERP), and the Housing Supply Programme (HSP). In addition, Cabinet approved a housing regeneration programme, the New Council House Building Programme in December 2022. The financial plans for the existing HRA stock and the regeneration programmes are presented and monitored separately to ensure the viability of each of the asset investments. The numbers presented here include regeneration schemes which are at the development and tender stages, and which can only go ahead where it is financially viable to do so.

Hackney Capital Programme

Non-Housing	23/24 Forecast £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	Total £m
Chief Executive	0.4	5.9	1.0	0.0	7.2
Adults, Health and Integration	1.6	1.8	0.5	0.2	4.2
Children and Education	13.7	20.9	8.9	4.9	48.4
Finance/Corp Resources – mixed use schemes	27.7	74.7	75.0	11.8	189.2
Finance/Corp Resources - other	35.4	39.8	5.9	4.6	85.7
Climate, Homes & Economy	30.8	45.0	30.1	7.9	113.9
Total Non-Housing budget	**109.6**	**188.2**	**121.4**	**29.4**	**448.5**

Housing	23/24 Forecast £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	Total £m
AMP Capital Schemes HRA	46.3	55.3	53.6	55.6	210.9
Council Capital Schemes GF	5.9	4.8	2.3	2.3	15.3
Private Sector Housing schemes	1.6	2.0	2.0	1.7	7.4
Estate Regeneration	20.7	55.7	148.8	187.7	412.9
Housing Supply Programme	19.8	32.6	70.6	99.9	222.9
Woodberry Down Regeneration	8.2	12.6	5.7	10.7	37.3
New Homes	0.6	6.0	16.4	99.6	122.6
Total Housing budget	**103.1**	**169.2**	**299.4**	**457.5**	**1,029.2**

Total Capital Programme	**212.7**	**357.4**	**420.8**	**486.9**	**1,477.8**

The increases in 2024/25 budgets are due to a combination of the mixed use development scheme (Britannia) and number of housing projects moving into the construction phase of developments along with grant funded projects from the Levelling Up programme.

Resources

22.10 The Capital Programme is funded through various sources including;

1) Specific & non-specific government grants
2) Capital receipts
3) Council reserves
4) Revenue contributions to capital
5) Other one off funding sources e.g. CIL/S106 developer contributions
6) Borrowing (internal - against our balance sheet - and external)

22.11 The indicative resources available for each year of the Capital Programme are set out below. It is important to note that these are based upon the work done as part of the development of the Capital Strategy, taking account of the progression of various negotiations with Developers and other External Parties. They are therefore best estimates using the information currently available and will be subject to change. Any change in resources available will result in changes to the associated expenditure and/or financing plans in order that a net balanced position for the capital budget is maintained.

Resourcing of the non-housing side of the programme is as follows.

Non-Housing	23/24 Forecast £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	Total £m
Grants	17.1	30.9	15.9	3.1	67.0
S106/HCIL	4.9	7.0	0.9	0.0	12.8
RCCO*	0.1	3.5	3.5	3.5	10.6
Capital Receipts	0.1	1.6	33.5	3.8	38.9
Reserves	7.5	10.9	1.6	0.1	20.1
Borrowing	79.9	134.3	66.0	18.9	299.1
Total	**109.6**	**188.2**	**121.4**	**29.4**	**448.5**

* Subject to review at year end finances

22.12 The detailed resource position reflects the following:

- The borrowing line includes expenditure in the programme on the Britannia scheme that is funded by sales of dwellings, and which in large part will happen post-construction. Income from capital receipts occurs after construction, meaning there will be a short to medium term borrowing requirement. Further, where actual sales are lower than anticipated, and/or where they are later than expected, there may then become expenditure that needs to be financed by other means.

- The Grants & Contributions incorporates resources announced by the government for 2024/25 and the figure for the following two years captures our forecast based on initial agreements with various governmental Departments. These largely relate to the education programme where we are expecting some limited, albeit not sufficient, Government support for the delivery of ongoing maintenance and SEN provision.

22.13 The resources available to finance the Housing capital programme are summarised in the table below.

Housing	23/24 Forecast £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	Total £m
Grants	13.6	25.8	32.4	59.4	131.2
S106/HCIL	0.2	7.4	0.0	0.0	7.6
RCCO	46.2	52.2	53.6	55.6	207.6
Capital Receipts	1.7	16.7	6.5	2.6	27.6
Borrowing	41.4	67.1	206.8	339.9	655.2
Total	**103.1**	**169.2**	**299.4**	**457.5**	**1,029.2**

22.14 The detailed resource position reflects the following:

- The borrowing line includes cash flowing requirement of the regeneration programme, which will be recouped via capital receipts from private for sale dwellings from various current and future schemes including Woodberry Down and Colville Estate.

- The revenue contribution is mainly the Major Repairs Reserve (MRR), which is the depreciation calculation on the housing stock recycled to create resources for re-investment.

- The Capital Receipts line incorporates residential sales from Housing Regeneration projects and also reimbursement costs relating to Woodberry Down. The application of Right to Buy (RTB) receipts and GLA grant can be seen under Grants. It is expected that RTB sales might decrease slightly over the next few years due to the increase in mortgage rates.

- With the allocation of all expected and known resources, the Housing Capital Plan is projecting a significant and rising borrowing requirement through this three year programme. A surplus in capital receipts is anticipated in the years after the medium term window to 2026/27, which will reverse the trend and repay borrowing, however long term affordability of the Housing programme remains the focus.

22.15 The Council continues to budget for Revenue Contributions to Capital Outlay (RCCOs) in 2023/24, amounting to £3.5m within the General Fund and £46m in the Housing Revenue Account.

Financial exposure within the programme

22.16 The key risk to financing Hackney's capital programme for this medium-term window is capital expenditure that is funded by private for sale dwellings. The combined impact of the short-term borrowing requirement of Britannia and regeneration schemes as planned puts an additional £1bn on our capital financing requirement (underlying need to borrow) between 2023/24 to 2026/27. Whilst we expect to generate capital receipts in the years directly after 2026/27 to fund this expenditure, a funding gap is realised where receipts are not recouped at levels incorporated at the planning stage. The risk of this remains high as the current economic climate from the war in Ukraine and the Middle East, together with higher inflation and higher interest rates, will have adverse impact on the housing market.

22.17 This risk is being closely monitored through the gateway process and the Britannia and Kings Hall Leisure Centre Board. For Britannia the financial business case is regularly revisited to test assumptions and sensitivity modelling around cost inflation and house price forecasts are kept under ongoing review. We have incorporated Minimum Revenue Provision (MRP) charges into our calculations, taking into account the most recent estimates for the Britannia model. Regeneration schemes must demonstrate viability (which would take into account risk around sales) before being permitted to commence to the next stage of the gateway process.

22.18 Outside of this risk, it should also be noted that on the non-housing side, the commitments within the capital programme as laid out, exhaust us of available capital receipts (£70m), and there are currently no significant anticipated future receipts. Within the programme that has been laid out here, and outside of the Housing programmes, we have assumed revenue budgets to fund the programme increase to £24m (including PFI charges) by 2027/28. This is made up of the Minimum Revenue Provision (MRP - see below for further detail) and forecast borrowing costs. Borrowing will become a bigger constituent part of funding our capital programme in the years after this medium-term period.

23.0 PRUDENTIAL CODE

Background

23.1 The Prudential Code for Capital Finance in Local Authorities (the Code) was originally implemented in 2004/05 and the latest version is 2021. This is a professional Code that sets out a framework for self-regulation of capital spending, in effect allowing authorities to invest in capital projects, through borrowing, without any imposed limit as long as they are affordable, prudent and sustainable. The Government also has reserve powers to restrict aggregate local authority borrowing for national economic reasons and to intervene to restrict individual local authority's borrowing.

23.2 Under section 3(1) of the Local Government Act 2003, Local Authorities are required to maintain the prudential indicator for the authorised limit for external debt for the current year. Regulation around local authority borrowing and capital investment is subject to change by Government at any point and dependent on macroeconomic circumstances.

23.3 The Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators which for housing authorities are separated into HRA and non-HRA elements. These indicators are mandatory but can be supplemented with local indicators if this aids interpretation.

23.4 The indicators from both Codes are purely for internal use by the Council because any comparisons with other Councils would not necessarily be meaningful. However, comparing the level of the indicators over time does add value to the capital and treasury management process. The codes require projections for the next three financial years up to 2026/27.

23.5 The Prudential Code sees a further increase in focus on exposure to commercial investments in the local government sector. Central government has voiced its concern in recent years over local government's involvement in property deals and other more esoteric investments and, on the back of this, CIPFA has moved to reinforce the principle within the Prudential Code that local authorities cannot invest purely for commercial gain/borrow in advance of need. It has also bolstered requirements so that boroughs must demonstrate both exposure to commercial investment and subsequent risk management.

23.6 There was an additional prudential indicator emanating from the latest review, covering net income from commercial and service investments (ie non treasury investments) against net revenue stream. Hackney's exposure in this area is deemed low. There are no instances where we have externally borrowed specifically for commercial investments, in the main our commercial property portfolio is one that has accumulated over a long period of time, and the income stream is proportionate to our wider revenue budget.

Capital Expenditure and the Capital Financing Requirement

23.7 The Prudential Code requires local authorities to calculate the Capital Financing Requirement (CFR). The CFR represents the Council's underlying need to borrow for a capital purpose. Movement between years will be influenced by in-year capital expenditure and provision for repayment of debt.

23.8 The Prudential Code allows local authorities to undertake unsupported borrowing so they can deliver projects such as spend to save schemes (which may have previously been limited by the credit approval system) or take decisions to direct resources from revenue to capital to enable service enhancements. However, before using unsupported borrowing the authority must be satisfied that the additional borrowing costs can be afforded within future year's revenue budgets, for both the General Fund and HRA.

23.9 Once again, the Council anticipates the potential need to undertake unsupported borrowing to fund both its Housing and non-Housing capital programme, given the nature of the programme set out, particularly in respect of the provision of new social infrastructure and housing projects that will require forward funding before realisation of capital receipts.

23.10 The capital expenditure presented in this report is based on the level of capital resources that can be realistically estimated over the next three years. Decisions on the actual financing of capital expenditure are taken each year during the year-end closure of accounts process on the basis of all the relevant information available at that time. It is therefore possible that the balance of the resources used in a particular year, for example, between capital receipts and Major Repairs Reserve (MRR), may change, although the totals over the three year period are expected to remain broadly the same.

23.11 Following Royal Assent of the Localism Act 2011, HRA Self Financing started in April 2012. The subsidy system was replaced and the Council now retains all rent and service charge income in return for delivering housing services to tenants and taking on investment in its housing assets based on a 30 year business plan. A "once and for all settlement" between Government and local authorities, in the form of a "one off" reallocation of debt was also undertaken. Government may reopen the settlement in very limited circumstances for major policy changes making a "substantial and material impact on the landlord business". For the Council, this equated to a reduction in debt and DLUHC settled this by repaying a proportion of each of the Council's PWLB loans. As a result Hackney was debt free until 2019/20.

23.12 Tables below summarise the proposed level of capital expenditure, the means of funding that expenditure and projections of the CFR over the next three years. The Council is asked to approve these projections.

Capital Expenditure and Financing 2023/24 to 2026/27

	2023/24	**2024/25**	**2025/26**	**2026/27**	**Total**
	Estimate	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Capital Programme:					
Non-Housing	109.6	188.2	121.4	29.4	448.5
Housing	103.1	169.2	299.4	457.5	1,029.2
Total spend	**212.7**	**357.4**	**420.8**	**486.9**	**1,477.8**
Financed by:					
Capital Receipts	1.8	18.3	40.0	6.4	66.5
Government Grants	30.8	56.7	48.3	62.4	198.3
Reserves	7.5	10.9	1.6	0.1	20.1
RCCO	46.2	55.7	57.1	59.1	218.1

	2023/24	2024/25	2025/26	2026/27	Total
	Estimate	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
S106/CIL	5.1	14.4	0.9	0.0	20.4
Borrowing	121.3	201.4	272.9	358.8	954.4
Total Financing	**212.7**	**357.4**	**420.8**	**486.9**	**1,477.8**

<u>Capital Financing Requirement and External Debt 2021/22 to 2025/26</u>

	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m	31/03/27 Estimated £m
Capital Financing Requirement At Year End					
CFR – Non Housing	343	377	499	497	413
CFR – Housing	121	162	229	436	776
Total CFR	**464**	**539**	**728**	**933**	**1,189**
Net CFR movement		75	189	205	256
External Debt					
Borrowing	67	63	363	599	886
Other long term liabilities	10	9	7	6	5
Total Debt 31 March	**77**	**72**	**370**	**605**	**891**

Limits to Borrowing Activity

23.13 The first key control over the Council's activity is to ensure that over the medium term debt is only for a capital purpose. The Council needs to ensure that external debt (i.e. borrowing for any purpose, plus other long-term liabilities) does not, except in the short term, exceed the total of the capital financing requirement in the previous year plus the estimates of any increase in the capital financing requirement at the end of the current and next two financial years. This allows some flexibility for limited early borrowing for future years.

<u>Gross Debt Compared to Capital Financing Requirement</u>

	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m	31/03/27 Estimated £m
CFR	464	539	728	933	1,189
Gross Debt	77	72	370	605	891

23.14 The Interim Group Director of Finance confirms that the Council will comply with the requirement to keep gross debt below the Capital Financing Requirement over the next 3 years. The estimated movement in gross debt and the CFR is set out in the table above and takes into account current commitments, existing plans, and the proposals in the budget report. The increase in gross debt over the period reflects both the anticipated increase in the CFR and prudent assumptions on the future movement of revenue reserves and balances.

23.15 A further two Prudential Indicators assist in exercising control of the overall level of borrowing which supports capital investment. These are:

- **Authorised limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing needed with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.
- **Operational boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

23.16 The authorised limits and operational boundary need to be set at a level which will allow for borrowing to support the delivery of the capital programme as set out earlier in this report. Increases in the HRA CFR arise from HRA Unsupported Borrowing undertaken to support the HRA Business Plan. The increases in the General Fund CFR arise from GF Unsupported Borrowing undertaken to fund the capital programme as reserves and cash balances held by the Council reduce, and shorter term cash flowing of our mixed-use schemes, where there is a lag in the receiving of capital receipts from residential sales.

23.17 The Council is asked to approve the following Authorised and Operational Limits (see overleaf), which have been calculated in the case of the Operational Limit on the basis of anticipated cash flow and the potential increase in the Capital Financing Requirement, and in the case of the Authorised Limit allowing a margin for unlikely (but possible) scenarios affecting the timing of grant receipts, Council Tax collection and capital receipts:

Authorised Limit and Operational Boundary

	2023/24 Approved £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Authorised limit for external debt				
Borrowing	761	778	983	1,239
Other long term liabilities	16	14	13	12
Total	**777**	**792**	**996**	**1,251**
Operational limit for external debt				
Borrowing	732	748	953	1,209
Other long term liabilities	16	14	13	12
Total	**748**	**762**	**966**	**1,221**

Affordability Prudential Indicators

23.18 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the overall Council finances. The Council is asked to approve the following indicators:

- **Actual and Estimates of the ratio of financing costs to net revenue stream** This indicator identifies the trend in the cost of capital (borrowing costs net of investment income) against the net revenue stream, separately for housing and non-housing services. The higher ratio for the HRA reflects the high depreciation charges which are included as financing costs in the HRA and represent a significant proportion of the HRA revenue budget. The increase in the Non-HRA indicator is largely the result of the requirement to replace internal borrowing with external as cash reserves reduce in future years. The estimates of financing costs allow for the level of borrowing set out in the capital expenditure plans.

Ratio of financing costs to net revenue stream

Ratio of Financing Costs to Net Revenue Stream	2023/24 Revised	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Non-HRA	1.7%	2.6%	4.4%	5.5%
HRA	30.7%	30.4%	33.7%	38.7%

Estimates of net income from commercial and service investments to net revenue stream

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Net income from Commercial/ Service investments	1.9%	1.6%	1.6%	1.6%

MRP Statement

23.19 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017 place a duty on local authorities to put aside resources to repay debt that has been used to finance capital expenditure in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Minimum Revenue Provision.

23.20 The broad requirement of the MRP regulations is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits. The Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP, although it does not preclude other prudent methods.

23.21 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

23.22 The MRP Statement must be submitted to Council before the start of the relevant financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

23.23 The following statement incorporates options recommended in the Guidance:

23.24 For capital expenditure incurred before 1st April 2008, MRP will be determined by charging the expenditure over the average useful life of the relevant assets.

23.25 For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over a period which reflects the economic benefit to the council.

23.26 For assets acquired by finance leases or Private Finance Initiative (PFI), MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

23.27 No MRP will be charged in respect of assets held within the Housing Revenue Account

23.28 MRP in respect of leases and Private Finance Initiative schemes brought on the Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

APPENDICES

The following are appended to this report

Legal framework governing budget decisions 2024/25	Appendix 1
Gross and Net budgets by Directorate 2024/25	Appendix 2
Treasury Management Strategy 2024/25	Appendix 3
The Council Tax regime 2024/25	Appendix 4
Medium Term Financial Plan 2025/26 to 2027/28	Appendix 5
Proposed Capital Schedules 2024/25 to 2026/27	Appendix 6
Proposed Fees and Charges 2024/25	Appendix 7
Referendum Calculation 2024/25	Appendix 8
Capital Strategy 2024/25 to 2026/27	Appendix 9
Financial Management Code Review 2024-25	Appendix 10
Statement by the S151 officer on the robustness of estimates and the adequacy of proposed reserves (Section 25 statement)	Appendix 11
Cumulative Equality impact assessment - Council Budget 2024-25	Appendix 12
Budget Scrutiny Report on the Council Budget 2024/25	Appendix 13
Executive Response to the Budget Scrutiny Report 2024/25	Appendix 14

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