

# **Budget and Medium Term Financial Plan 2025/28**

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**Chief Executive & S151 Officer**

**13<sup>th</sup> February 2025**

# Strategy & Principles

- Raise Council Tax by the maximum allowed by Government 4.99% (2.99% for General Services and 2% for Adult Services). The Governments grant allocations are all based on the assumption that Council Tax increases annually by the maximum.
- Continue with principal that those who should pay do pay and that fees and charges are set on this basis
- Protect front line services from cuts in service levels i.e. maintain budgets in real terms at existing levels
- Deliver the Corporate Plan objectives and promises (Corporate Plan mid year review and update agreed last summer)
- Supports the Children Services Improvement Plan to address the inadequate rating assessed by Ofsted
- Only Use Reserves to smooth budget not to fund ongoing expenditure
- The Government are launching a fundamental Local Government Finance Reform early in 2025 with a view of completely overhauling the existing system – it will undoubtedly impact Scilly hence aim of this budget for the Council is to roll over with minimal change other than critical needs ie Childrens and look for efficiencies to deliver savings
- Biggest risk to not delivering Corporate Plan promises – failing services – if services getting positive external inspection outcomes question of retaining our independence are unlikely to be raised

# Assumptions

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Council Tax Increase	4.99%	4.99%	4.99%
Business Rates	0.10%	3.03%	2.32%
Government Grants	10.96%	2.19%	2.04%
Fees & Charges General	2.60%	2.00%	1.50%
Airport Charges	2.75%	2.50%	2.50%
Housing Rent - Social	2.70%	3.00%	2.50%
Housing Rent - GF	1.70%	2.00%	1.50%
Pay Cost Inflation	2.80%	2.00%	1.50%
Non Pay Inflation	2.00%	2.00%	1.50%
New Houses in Tax Base	0	10	15

# Government Statement on Settlement

- Core Spending Power up 6.8% in cash terms (4.3% in Real terms) – IOS was 4.4% and 1.9% - this is the Governments calculation
- **Boost funding for social care authorities by up to £3.7 billion**, in recognition of demand and cost pressures facing both adult and children’s social care. This includes an £880 million uplift to the Social Care Grant and a new £270 million Children’s Social Care Prevention Grant – the first step in tackling increased demand at the root by reforming our public services.
- **Set us up for fundamental funding reform.** We are targeting the places that need it most by implementing the Recovery Grant, worth £600 million, as an interim measure before we bring forward funding reform, based on a broad assessment of need, from 2026/27.
- **Help simplify the grant landscape.** Twelve grants, together worth nearly £700 million, have been rolled in or consolidated as part of this Settlement. This represents good progress towards this government’s priority to make the funding landscape simpler and more manageable for authorities, trusting you to do what you know is needed for your area without government placing unnecessary overbearing restrictions.
- **Protect taxpayers** from excessive council tax increases as many still face household cost of living pressures, while providing funding for local authorities.
- **Provide all councils with a real-terms increase in funding**, taken together with the £1.1 billion guarantee for the new Extended Producer Responsibility for packaging (pEPR) scheme payments. We are protecting all local authorities from any cash losses in Core Spending Power.

# Funding & Expenditure Change year on year

	<b>2024/25</b>	<b>2025/26</b>	<b>Difference</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Council Tax	1,960,523	2,438,236	477,713	24%
Business Rates	2,121,704	2,054,182	(67,522)	-3%
Government Grants	2,838,051	3,335,831	497,780	18%
<b>Total Funding</b>	<b><u>6,920,278</u></b>	<b><u>7,828,249</u></b>	<b><u>907,971</u></b>	<b>13%</b>

	<b>£</b>
Inflation	214,902
Budget Pressures	922,727
Efficiency Savings	(499,463)
Reduced use of Reserves	269,805
<b>Change in Net Budget</b>	<b><u>907,971</u></b>

# Budget pressures/increases

	2025/26	2026/27	2027/28
	£	£	£
<b>Inflation</b>			
Pay	189,421	153,906	117,125
Supplies & Services	129,902	129,891	98,301
Income	(104,421)	(98,642)	(89,576)
<b>Total Inflation</b>	<b>214,902</b>	<b>185,155</b>	<b>125,851</b>
<b>Other Pressures</b>			
Impact of 2024/25 Pay award not in base	60,000	0	0
Capital Financing Costs	(54,137)	399,945	48,401
Safety works on Vehicles (removal of prev yr one-off)	(4,000)	0	0
Housing Delivery Consultancy (removal of prev yr one-off)	(6,000)	0	0
Property Service Legal Fees relating to disposals	6,000	(6,000)	0
Corporate Property Consultancy	5,000	(5,000)	0
Corporate Properties Compliance Works (variable spend)	(25,000)	10,000	0
Weighbridge Software Upgrades (removal of prev yr one-off)	(25,000)	0	0
Net Increase in Children Service new staff structure	369,000	0	0
Post 16 Education uplift	78,000	0	0
Fire Fighters Pay - National change in methodology	85,000	0	0
Independent Recommendation on Members Allowances	25,000	0	0
Mosaic Case Management System annual cost	90,000	0	0
Additional Park House Staffing	75,000	0	0
Adult Care Direct Payments	15,000	0	0
Maintenance of Historic Environmental Records	11,000	0	0
Loss of Income on Commercial Property due to disposals	25,000	0	0
Employers National Insurance Increase	111,000	0	0
Reduction in Airport Income	20,987	0	0
IFCA - One off staff increase funded from Reserves	60,877	(60,877)	0
<b>Total Other Pressures</b>	<b>922,727</b>	<b>338,068</b>	<b>48,401</b>
<b>Total all Pressures &amp; Growth</b>	<b>1,137,629</b>	<b>523,223</b>	<b>174,252</b>

# Budget Savings

<b>Service Spending Savings</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	
Waste Disposal Contract	(65,000)	0	0	Efficiency
Waste Haulage Contract	0	(50,000)	0	Efficiency
Commercial Waste Services Full Cost Recovery	(10,000)	0	0	Additional Income
ESFA Post 16 grant uplift	(78,000)	0	0	Additional Income
Savings from Integrated Care Model	0	0	(50,000)	Efficiency
Additional Planning Fees	(5,000)	0	0	Additional Income
Savings from S151 Officer Arrangements	(18,000)	0	0	Efficiency
Reduction in Fire Service Level Agreeemnt with Cornwall	(35,000)	0	0	Efficiency
Energy Savings on Swimming Pool due to solar investment	(20,000)	0	0	Efficiency
Children & Adults post improvement and integration Savings	0	0	(75,000)	Efficiency
Sports Hall - Ensure charges are covering cost	0	(5,000)	0	Additional Income
Boating costs - More efficient booking & usage	(16,000)	0	0	Efficiency
Adult Care Fees - uplift to correct previous	(86,000)	0	0	Additional Income
Park House - Income from rent once converted to residential	0	(10,000)	(30,000)	Additional Income
Savings in Airport operating costs	(50,500)	0	0	Efficiency
Reduce Contingency	(115,963)	0	(25,789)	Reduction but no service impact
<b>Overall Total Proposed Savings</b>	<b>(499,463)</b>	<b>(65,000)</b>	<b>(180,789)</b>	

- Nearly all savings are efficiencies or additional income
- Further savings will be pursued through the Council's procurement of services as and when arrangements are due to be re-tendered or re-negotiated

# Latest Forecast Budget (February 2025)

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Service Budgets brought Forward	7,253,510	7,891,675	8,349,899
Inflation	214,901	185,155	125,851
Other Pressures and Growth	922,727	338,068	48,401
Service Savings Plan	(499,463)	(65,000)	(180,789)
<b>Service Budget Requirements</b>	<b>7,891,675</b>	<b>8,349,899</b>	<b>8,343,361</b>
Specific Projects Expenditure	350,000	255,850	205,000
Specific Projects Income	(350,000)	(255,850)	(205,000)
Transfer to/(from) General Fund Reserve	0	(273,077)	0
Transfer to/(from) Specific Reserves	(63,427)	0	0
<b>Total Net Budget</b>	<b>7,828,248</b>	<b>8,076,822</b>	<b>8,343,361</b>
Funded by:			
Council tax	2,381,236	2,517,165	2,669,878
Business Rates	2,110,627	2,174,609	2,224,975
Government Grants	3,335,831	3,385,048	3,448,509
Council Tax Collection fund Surplus/(Deficit)	57,000	0	0
Business Rates Collection fund Surplus/(Deficit)	(56,446)	0	0
<b>Total Resources</b>	<b>7,828,248</b>	<b>8,076,822</b>	<b>8,343,361</b>



	Balance as at :				
	01-Apr-24 £	01-Apr-25 £	01-Apr-26 £	01-Apr-27 £	01-Apr-27 £
<b>Reserves</b>					
<b>General Fund Reserve</b>	<b>2,533,036</b>	<b>2,034,069</b>	<b>2,034,069</b>	<b>1,760,992</b>	<b>1,760,992</b>
<b>Specific Reserves</b>					
Planning Reserve	83,895	64,396	64,396	64,396	64,396
Economic Initiatives Reserves (Plan)	19,212	(0)	(0)	(0)	(0)
Communities Grants Reserve	3,500	0	0	0	0
Public Health Reserve	0	0	0	0	0
Housing Reserve	298,543	(0)	(0)	(0)	(0)
Airport Reserve	43,091	0	0	0	0
Childrens Reserve	10,200	0	0	0	0
Brexit Reserve	0	0	0	0	0
Business Rates Equalisation Reserve	0	0	0	0	0
Park House Equalisation Reserve	165,335	0	0	0	0
Transport Levelling Up Reserve	188,792	0	0	0	0
IFCA Reserve	278,233	335,384	274,507	274,507	274,507
<b>Total Specific Reserves</b>	<b>1,090,801</b>	<b>399,780</b>	<b>338,903</b>	<b>338,903</b>	<b>338,903</b>
<b>Grant Reserves</b>					
Revenue Grant Reserve (No Conditions)	115,537	104,312	101,762	101,762	101,762
Revenue Grants - Conditions	1,184,854	0	0	0	0
Capital Grants Reserve (No Conditions)	2,303,266	2,770,568	1,304,419	207,394	187,394
Capital Grants - Conditions	3,815,547	1,695,309	694,450	694,450	694,450
<b>Total Grant Reserves</b>	<b>7,419,204</b>	<b>4,570,189</b>	<b>2,100,631</b>	<b>1,003,606</b>	<b>983,606</b>
<b>Capital Receipts</b>	<b>371,068</b>	<b>114,591</b>	<b>232,514</b>	<b>232,514</b>	<b>232,514</b>
<b>Total All Reserves</b>	<b>11,414,109</b>	<b>7,118,629</b>	<b>4,706,117</b>	<b>3,336,015</b>	<b>3,316,015</b>

# Summary

- Balanced budget for next year with no use of General Fund Reserve and no front line service cuts – pretty much unheard of elsewhere in the Country!