

London Borough of Hammersmith & Fulham

Report to: Social Inclusion and Community Safety Policy & Accountability Committee

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Subject: 2024 Medium Term Financial Strategy (MTFS)

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SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 28 February 2024. This report provides an update on the overall preparation and proposals for the 2024/25 revenue budget, risks, financial resilience, and the impact of those proposals. This report also sets out the budget proposals for the services covered by this Social Inclusion and Community Safety Policy & Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

The strategic operating environment continues to be challenging (inflation, interest rates, economic stagnation, unemployment, real terms reduction in household incomes) and this will have an impact on the overall national and public finances. After the Chancellor's Autumn Statement in November 2023, analysis by the Institute for Fiscal Studies has estimated that considering current spending commitments across the public sector, the Department of Levelling Up, Housing and Communities (which includes local government) may face a 3.4 per cent real terms cut each year from 2025/26 to 2028/29.¹

The budget proposals for 2024/25 are intended to protect our statutory services, deliver services valued by residents/businesses/visitors, promote the prosperity of the Borough, and support the poorest and most vulnerable in society. All our services have been funded at a time of continued austerity within local government since 2010.

Despite the financial pressures on the council, our ruthlessly financially efficient approach (by generating more than £118m of efficiencies since 2014/15), securing more than £100m in contributions from developing the Borough and generating more than £60m in annual income). Few organisations would be able to deliver the same services they delivered over a decade ago with less than half of the resources available. In Hammersmith & Fulham we have not just maintained front line services that residents rely on, but we have gone further, providing new services to support those living in the borough. We have also eased financial burdens that residents by

¹ [What does the Autumn Statement mean for local government and public service spending? | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/what-does-the-autumn-statement-mean-for-local-government-and-public-service-spending/)

keeping taxes low, freezing key charges and providing one of the country's most comprehensive Council Tax Support Schemes.

Hammersmith & Fulham is unique in many ways. In recent years the Council has been able to abolish home care charges, provide free breakfasts for school children, create a new Law Enforcement Team to keep our street safe and clean, maintain weekly bin collections across the borough, and end the use of bailiffs to collect Council Tax debt.

This has only been possible because of the ruthlessly financially efficient approach that we have taken to managing residents' money. We will continue to reform the council to ensure that we provide the best value for their money possible. This budget does this through innovative use of new technology and data, and council-wide efficiency programmes to streamline operations and ensure the best use of resources.

Despite the financial pressures on the council, our ruthlessly financially efficient approach has allowed us to keep Council Tax levels low. There is no better place to be a Council Taxpayer than right here in Hammersmith & Fulham. Not only do we have the third lowest council tax rates in the country, with this administration cutting or freezing Council Tax five times in the last nine years, but our Council Tax Support Scheme provides a discount to 42% of residents, with 11% of the most vulnerable paying nothing at all. This administration took the decision to exempt care leavers from paying Council Tax entirely, and this year, for the first time, we will also exempt in-house foster carers and special guardians so that they do not pay a penny of Council Tax.

The objectives of the General Fund revenue budget proposals for 2024/25 set out in the report:

- Protect the delivery of our core statutory services.
- Continue to deliver services valued by residents/businesses/visitors.
- Ensure the safety of our residents/businesses/visitors.
- Promote the prosperity of the borough.
- Embeds an agile, modern and innovative approach within the Council.
- Maintains strong financial governance and resilience across the Council.

The proposals include investment of £10.7m across many services and will allow the continued delivery of the best services to our residents/businesses and visitors. This includes an extra £4.2m for Home Care, £1.3m to support school transport services for children, £1.5m for people affected by homelessness and £1.7m to support our housing services.

The Council will continue to manage its financial resources effectively to financial resilience and sustainability (including a good level of reserves and in year contingencies).

The Local Government Finance Act 1992 obliges the Council to set a balanced budget, and the detailed proposals contained in this report will put the Council in a strong position to be able to do so for the next financial year. Cabinet in February will need to consider these alongside the outcome of the Final Local Government Finance Settlement and any other funding statements that may follow.

RECOMMENDATIONS

1. That the Social Inclusion and Community Safety Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

Wards Affected: All

Our values	Summary of how this report aligns to the H&F values
Being ruthlessly financially efficient	The council has a proud record of maintaining low Council Tax to its residents. The revenue budget for 2024/25 proposes savings and efficiencies across services and corporate functions that rationalise its estate and reduce its operating costs, whilst also delivering value for money from external contractors
Creating a compassionate council	The proposals in the revenue budget for 24/25 supports the ongoing investment in services that directly support residents in living, healthy and independent lives. This includes continuing to provide free homecare for older residents, providing Council Tax support to foster carers and increasing investment to tackle homelessness and rough sleeping.
Building shared prosperity	A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents.
Doing things with residents, not to them	The budget for 24/25 will invest in our Family Hubs, ensuring that every child, young person, and family is able to access the right support at the right time. The Hubs will also be developed by collaborating with children and young people and their families, family groups, the local third sector, the NHS and the council's children's services in genuine partnership.
Taking pride in H&F	The council's revenue budget will invest over £50m in public realm services. These services will provide access to safe clean, green spaces for all to enjoy, visit and live in. It will deliver improvements to highways, whilst continuing to invest in the Law Enforcement Team and regulatory services to crack down on anti-social behaviour and rogue traders.
Rising to the challenge of the climate and ecological emergency	The council has an ambitious target to become a net zero borough. To help achieve this, the budget will invest in the roll out of food waste caddies for more than 50,000 households, continue to keep our streets and parks clean, and take a tough stance against anyone dropping litter, creating graffiti, or dumping rubbish.

Background Papers Used in Preparing This Report

Not Applicable

DETAILED ANALYSIS

The Budget Requirement and Gap

1. The gross General Fund budget² rolled forward from 2023/24 to 2024/25 is £642.0m of which a **net budget requirement of £198.0m** is funded from council resources (such as Council Tax and business rates) and general government grant.

Table 1 – Budget rolled forward from 2023/24

2023/24 Budgeted Expenditure	£m
Housing benefit payments	91.2
Departmental budgets	550.8
Gross budgeted expenditure	642.0
Gross revenue income budget requirement (specific government grants, fees and charges and other contributions)	(444.0)
Net revenue budget requirement	198.0
To be met from:	
General grants	(56.7)
Locally retained business rates	(62.5)
2024/25 Council Tax requirement (including the adult social care precept)	(78.8)

Budget assumptions

Investment and growth pressures

2. Additional investment and growth of £10.7m is being provided following the budget setting and review process. The proposed investment and growth items are summarised in Table 3. There are no investment proposals directly related to this PAC.

² Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

Table 3: 2024/25 Investment Proposals

Department	£m
Adult Social Care	4.8
Children Services	1.6
Environment	0.5
Corporate Services	0.2
Economy	1.5
Other Services	2.1
Total	10.7

Savings and Income Generation

3. After more than a decade of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met and the council has been able to find these. In the future, the Council must consider all available options to operate within the funding available to it.
4. The proposed savings (including additional income) for 2024/25 are set out in Table 5. The savings proposals for this PAC are outlined in detail from paragraph 45 and in Appendix 1 to this report.

Table 5: 2024/25 firm savings and additional income

Department	£m
Adult Social Care and Public Health	(2.1)
Children Services	(1.6)
Environment	(1.5)
Corporate Services	(0.3)
Economy	(1.4)
Finance	(0.4)
Other Services	(0.8)
Total	(8.1)

5. The savings relevant to this PAC are summarised in table 6 below.

Table 6: Summary of savings relevant to this PAC

Proposal	£m
Review fees and charges	0.20
Environmental Public Protection alternative external funding	0.20
Service transformation savings	0.25
Total Environment savings	0.65

Inflation

6. Inflation has been consistently high over the past two years (reaching 10.5% in December 2022, and the highest level for 40 years). The Consumer Price Index (CPI) for September 2023 is 6.7%. The Office of Budget Responsibility is forecasting inflation of 2.8% by Q4 of 2024/25 and the proposed budget for 2024/25 includes provision for both pay and price inflation in line with those assumptions: This budget allows for:
 - Contract and external services inflation of £9.2m.
 - £4.5m provision for a 2024/25 pay award (this equates to a 3.0% pay award)

Fees and Charges

7. Charges governed by statute are set in accordance with those requirements and not varied in accordance with inflation. For non-statutory **fees and charges** levied by the council, it is recommended that:
 - They are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
 - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.
 - Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
 - A standard uplift of 6.7% is applied for other non-commercial and non-parking fees, as per September 2023 CPI.
 - The exceptions to these assumptions for this committee are attached in **Appendix 4**.

Local Government Finance Settlement and Core Spending Power

8. The provisional 2024/25 Local Government Finance Settlement (LGFS) was published by DHLUC on the 18th of December 2023. This statement outlines provisional funding allocations for local authorities for 2024/25 alongside the Core Spending Power for each authority. For the sixth year in a row, this was a single year funding settlement. There was not a great deal of new funding included, as much of the funding announced in the statement had already been declared in the 2023/24 LGFS, particularly funding ringfenced for Adult Social Care and Council Tax referendum limits.
9. Core Spending Power estimates total revenue funding available to authorities and includes Government assumptions on a maximum increase in Council Tax (4.99%) and business rates income (including compensation for under indexing the multiplier) as well as growth in the Council Tax base. The Statement provided an increase in Core Spending Power of 6.7% (the level of CPI inflation in September) if the council increases Council Tax and the Adult Social Care Precept to the maximum extent without triggering a local referendum. It also includes compensation for the decision

to freeze the small business rates multiplier, which has resulted in lower council revenues in other areas.

10. A summary of the Council's funding settlement and Core Spending Power in comparison to 2023/24 is set out in **Appendix 5**.
11. The 2024/25 Settlement continues the recent trend of single year funding settlements with no grant allocations confirmed beyond next year. The lack of future certainty continues to undermine effective medium-term financial planning and resource allocation. The planned review (Fair Funding Review) to explore changing how central grants are distributed between local authorities and with the potential for resetting the baselines for determining each local authority's need has been pushed back to April 2025 at the earliest after first being announced in 2016.
12. It should be noted that whilst the overall Core Spending Power for the Council has increased by £13.78m, only £5.75m (42%) of this relates to grant funding distributed directly to local authorities as part of the LGFS, as both Council Tax and business rates income are locally generated sources of income.

An explanation of the key funding streams is outlined below:

13. **Settlement Funding Assessment (SFA)** – The SFA is made up of two elements: The Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). RSG is given to local authorities and can be used to finance revenue expenditure on any service. This grant has increased by £1.35m. This increase from 2023/24 is in line with the September CPI increase of 6.7%.
14. The BFL is the estimated retained Business Rates as calculated by the Government, usually uprated in line with the small business rates multiplier. The actual business rates estimated by the Council is set out in the business rates section below.
15. **Social Care funding** – There are four separate grants as part of the Core Spending Power which relate to Social Care funding. Except for the Social Care Support grant (which can be used for matters relating to Childrens and Adults social care), all the others are ringfenced and passported to the Social Care budget. The grants are as follows:
 - Social Care Support grant
 - Improved Better Care Fund
 - Market Sustainability and Improvement Fund (now includes the MSIF Workforce Fund)
 - ASC Discharge Fund
16. A two-year funding package for social care was outlined in last year's LGFS and the funding this year represents the second year of this. Beyond 2024/25, it is unclear and uncertain the sustainability and level of funding which will be available to local authorities for social care.

17. **Compensation for the under-indexing of the business rates multiplier** – this is funding to compensate local authorities for lost business rates income arising from the decision to freeze the small business rates multiplier.
18. **New Homes Bonus** - There will be new rounds of New Homes Bonus (NHB) payments in 2024/25. In line with last year, these payments will not attract new legacy payments. It is unlikely that the New Homes Bonus will continue beyond 2024/25, and whether any alternative funding will be provided should this be the case.
19. **Services Grant** – The services grant has reduced by over 84% in 2024/25. The Government have made significant cuts to this funding (from £822m in 22/23 to £77m in 24/25) as it has been top sliced to offset the rising cost of other grants in the settlement. Although the local government finance policy statement on the 5th of December stated that this grant would reduce, the scale of reduction was not anticipated or communicated to local authorities earlier in the budget setting process.
20. Other Funding
21. **Household Support Fund (HSF)** - In 2021, the Department for Work and Pensions announced that vulnerable households across the country would be able to access a new support fund to help them with essentials over the winter. The total HSF allocated to Hammersmith and Fulham during 2023/24 was £2.8m, all of which is planned to be spent as part of the council's Cost of Living response.
22. However, after the Autumn Statement, it was confirmed by DHLUC that the HSF will not continue beyond 31 March 2024. At time of writing, it is not known if this funding will be replaced with another scheme or will be folded into existing funding, but the ending of this funding stream will place a significant additional financial burden on the Council and those most vulnerable and affected by the Cost-of-Living crisis.
23. There are other specific grants which sit outside the main LGFS and for which allocations have been announced. The Council will receive £24.3m for the Public Health Grant, £3.89m for the Homelessness Prevention Grant (a further £120m has been announced nationally but allocations are not known at the time of writing), plus £177.3m for the Dedicated Schools Grant (DSG). These grants are ringfenced and are assumed will have a neutral impact in the current budget proposals.

Other Measures

24. It is estimated that £5.0m relating to income from investing cash balances will be available as favourable interest rates is assumed as per the Bank of England's economic forecast assumptions. This income will be used to balance the budget in 2024/25 and our cash balances and base rate assumptions will be reviewed throughout the financial year in line with our treasury management strategy.
25. A comprehensive review has been carried out across both front and back-office functions within parking services. This has resulted in a programme of measures

that has delivered more effective and efficient systems and processes, particularly in permit and suspension management, together with the introduction of more streamlined delivery and operational models. Front line services benefit from the introduction of Automatic Number Plate Recognition (ANPR) technologies in on-street enforcement, and the continued roll out of automated cameras in moving traffic, capturing alerts and contraventions. This outcome of this review is reflected in the budget for 2024/25.

26. In addition, there are budget measures to reduce budgeted reserve contributions, realigning corporate charges between the HRA and General Fund and short-term contributions arising from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. The latter is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2024/25 as demand is forecast to return to pre pandemic levels and fares increase.

Council Tax

27. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in 5 of the last 9 years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.
28. The national economic conditions of high inflation and interest rates made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the Hammersmith & Fulham element of Council Tax was required to achieve a sustainable budget. As the current level of Council Tax is so low, even an increase of 2.99% keeps the overall level well below other local authorities.
29. The budget proposals assume Council Tax will be increased by the amount modelled in the Government's Core Spending Power calculations, including the ringfenced Adult Social Care precept. The level of Council Tax increase reflects the assumption that has been outlined by Central Government in the Autumn Statement made on the 17 November by the Chancellor and assumed in the funding settlement for local government. The additional income will fund rising costs, protect, and support investment in key services for residents, and strengthen future financial resilience. The increase is equivalent to £26 per annum, or 50p per week, for 2024/25 (at Band D).
For the Adult Social Care precept, this is the equivalent to £17.44 per annum, or less than 35p per week (at Band D).
30. For 2024/25, despite the financial pressures on the council, our ruthlessly financially efficient approach has allowed us to keep Council Tax levels low. There is no better place to be a Council Taxpayer than here in Hammersmith & Fulham. Not only do we have the third lowest council tax rates in the country, but our Council Tax Support Scheme provides discounts and exemptions to many residents, with the most vulnerable paying nothing at all.

31. This administration took the decision to exempt care leavers from paying Council Tax entirely, and this year, for the first time, we will also exempt in-house foster carers and special guardians so that they do not pay a penny of Council Tax.
32. As set out in table 7 below, it is estimated that 42% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax Support, and exemptions).

Table 7: Liability for Council Tax at November 2023

Total dwellings in the borough	94,117
Reductions:	
Exemptions (mainly students, includes care leavers and vacant properties)	(3,415)
Council Tax support claimants (elderly & working age on low income)	(10,087)
Single person discount (25% discount)	(26,143)
Dwellings liable for 100% of Council Tax	54,472
	58%

Business Rates

33. The recent change in legislation has meant that the business rates multiplier has been 'decoupled', and ministers now have the power to set different levels of rates for the elements of the multiplier (small and standard multipliers). The Autumn Statement confirmed that the standard multiplier rate would increase in line with September's CPI inflation (6.7%).
34. There will be a freeze in 2024/25 for the small business rate multiplier for the fourth year in a row. The 75% Retail, Hospitality and Leisure relief will be also extended for 2024-25. Local authorities will be compensated by the government for the resultant loss of income from these measures.
35. The forecast assumes that Hammersmith & Fulham will receive and retain the minimum amount guaranteed, the safety net threshold, by Government. This is £62.5m for 2024/25.

Risk and financial resilience

36. Under Section 25 of the Local Government Act 2003, the Strategic Director of Finance is required to include, in the budget report, a view of the robustness of the 2024/25 estimates and also views of the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.
37. An updated reserves strategy and forecast will be included within the suite of finance reports presented to Cabinet and Full Council.
38. The current reserves forecast is set out in Table 8 and models a fall in overall general fund reserves and balances to £91.6m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

Table 8: Reserves and general balances - cash flow forecast to 2027/28

	April	April	April	April	April
	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
General balances (recommended range £19m - £23m)	21.3	21.3	21.3	21.3	21.3
Earmarked reserves	98.3	72.0	62.0	68.7	70.2
Sub Total	119.6	93.3	83.4	90.0	91.6
Developer contributions (Subject to separate monitoring and approval)	48.9				

39. The Council’s general balance for 2023/24 is £21.3m, after the council ran a budget surplus and contributed additional funds to general balance reserves. This equates to 3.8% (14 days spend) of the Council’s gross budget of £550.8m. The Strategic Director of Finance has recommended that the optimal range for the general balance is between £19m and £23m.
40. Reserves play a crucial role in good public financial management. They enable investment in service transformation and provide resilience against unexpected events or emergent needs.
41. Hammersmith & Fulham holds reserves for two main purposes:
- As a contingency to cushion the impact of unexpected events or emergencies – this forms part of general balances.
 - To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves.
42. Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.
43. The lack of an appropriate safety net has resulted in several councils running into financial difficulties. Over the last two years, nine local authorities have produced a section 114 notice (this is a notice from the s151 officer in their view that a Council’s resources are not sufficient to fund its forecasted expenditure for a financial year) and one in five local authorities have reported that they “think it is very or fairly likely that their chief finance officer will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running”.³

Key Risks

44. The key financial risks that face the Council have been identified and are set out below:

³ [Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association](#)

- The continuing economic conditions relating to inflation, interest rates, unemployment, real household incomes (these may all increase our service delivery costs, recovery of income and viability of major projects).
- The increasing national legislative requirements (e.g., Environment Act 2021, Social Regulation 2023) will add additional pressures on our service delivery.
- The increasing regulation from national government (e.g. OfLog, Housing Ombudsman, CQC) will increase our cost burdens.
- The demographic pressures especially on Adult Services, Childrens Services (Special Educational Needs and Disabilities), homelessness (temporary accommodation) and people from abroad will continue (as is the case nationally for many other local authorities). This is a combination of a number of factors including the Covid-19 recovery, addressing pent-up demand and supply issues post Brexit.
- Higher pay inflation particularly given current labour shortages.
- The stabilisation and restoration of Hammersmith Bridge, with the council incurring revenue and capital costs at risk until government funding is confirmed.
- The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates)
- The impact of the wider economy on major council development projects and future contributions from developers
- The impact of, and costs of, tackling climate change
- The challenge of identifying further significant future savings that balance the budget over the longer-term.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

Comments of the Strategic Director of Environment on the 2024/25 Budget Proposals

Strategic Service Context

45. The Environment Department is responsible for the delivery of a wide range of universal services to the residents of Hammersmith & Fulham including:
 - Climate Change and Transport, including Parking
 - Public Realm - Highways, Street Environment Services, Parks and Leisure, and Cultural Services
 - Public Protection - Community Safety, Regulatory Services, Building Control, Technical Support
46. The Environment Department continues to review and challenge current service delivery models and budgets, to ensure that services are effective and efficient, and reflect the Council's priorities. Some notable examples are highlighted below:
 - Maximising external income. Targeting £13m in commercial income through robust contract management and focussed review of fees and charges.
 - Optimising commissioning. Actively working with the Council's Contract Assurance Board to reprocure and embed some of our major external service

contracts. For example, mobilising a new waste, recycling and street cleansing contract following a full reprocurement process on the open market; securing the continuation of a reduced waste disposal fee for recycling (saving £0.3m annually); and ensuring the continuation of cost effective contracted leisure services as the industry fully recovers from the pandemic.

- Continuing our programmes of service improvement. For example, restructuring the department to make it better equipped to deliver the Council's priorities; investing in technology to improve resident experience and access to our services; and in-sourcing the sports booking service.
- Minimising capital financing costs and maximising community engagement through the launch of the H&F green investment scheme. This is the biggest green investment product ever to be offered by a Council, targeting £5m for investment in the Council's Climate and Ecological strategy, at a cheaper rate than borrowing from more traditional means.
- Specifically relevant to this PAC, the proposed budget is supporting the Council's vision in the following ways:
 - Tackling crime and antisocial behaviour through the Law Enforcement Team and Gangs Unit at no extra cost to residents. £5.5m gross annual investment, including £2.8m from secured developer contributions. Reports of antisocial behaviour to the Police have reduced by 25% since the introduction of the 72 strong Law Enforcement Team in 2021.
 - Continued investment and enhancement of the Council's comprehensive CCTV network, enabling over 1,000 arrests in 2022/23 following intervention and/or support by CCTV operators.
 - Implementing the Council's Violence Against Women and Girls strategy to prevent abuse and support victims.
 - Tackling radicalisation and extremism through the reprioritisation of budgets to maintain the existing Prevent service, despite the withdrawal of £150,000 government funding from 2024/25.
 - Cracking down on counterfeit goods and underage sales, including the seizure of 6,000 illegal vapes since April 2023 with a value of £55,000.
 - Despite the withdrawal of the £2.8m government funded Household Support Fund from 2024/25, the Council remains committed to compassionately supporting residents through our dedicated Cost-of-Living service. As well as more than 67,800 visits to our online guidance, in its first year the team handled 12,000 calls and 1,420 emails, and issued nearly 2,000 fuel vouchers. In 2023, more than 3,900 residents were supported with advice and grants.
 - Distributing £1m of funding from the new Kings Coronation Youth Fund to support young people across the borough in arts, music, drama, and sport.

47. As well as maximising efficiency from current service budgets, the Environment Department is helping to mitigate the significant medium-term financial challenges faced by the Council by minimising the need for new budget growth.

Financial Performance

48. The Environment Department continues to proactively manage a small number of high value budget risks and pressures. For 2023/24 the department is facing financial challenges relating to the cost of living crisis (particularly relating to high energy costs and income pressures), and contractual pressures. Officers are working hard to mitigate the overspend before year-end (forecast overspend of 2% at month 6). It is expected that the cost of living crisis will continue to have a major impact on both the demand for the department's services and its budget in 2024/25.

Budget 2024/25

49. The Environment Department revenue budget for 2024/25 is summarised at directorate level in the table below.

Table 10 – Environment Department budget 2024/25

Service	Expenditure £m	Income £m	Net Budget £m
Climate Change and Transport	24.17	(57.37)	(33.20)
Public Realm	64.67	(13.62)	51.05
Public Protection	20.32	(9.42)	10.90
Total	109.16	(80.41)	28.75

50. The net budget is £28.75m and will ensure the continued investment of resources in key services for residents. In particular, the following budget changes should be noted:
- additional investment of £488,000 (will maintain and enhance investment in the following areas: continuation of the community and cultural events programme (£150,000), which includes the Holocaust Memorial Day events on 31 January and a number of other inclusive events such as civic awards, Heritage Day, pride events and women's health events; new waste collection services (£278,000); and an ongoing contribution to the new H&F Black History Museum (£60,000). Although these services are not directly relevant to this PAC (they are reported to other PACs), they contribute to the Council's Social Inclusion aims as they are new universal and inclusive services that are accessible to all residents.
 - contractual inflation on externally provided services has been allowed for in the budget (£2.2m in total based on a minimum of 4%). It should be noted that inflation continues to be high, and so a significant budget risk exists in relation to this for 2024/25. The Council will continue to work with contractors and suppliers to minimise any adverse impact and secure agreement to temporarily vary contract conditions within budget where possible.
 - savings of £1.55m (of which £0.65m are relevant to this PAC) will contribute to the setting of a balanced budget for the Council (details in Appendix 1). These are intended to preserve and improve front line services and will be delivered

through the transformation and reconfiguration of services and increased income generation.

Fees and Charges

51. The Environment Department provides an extensive range of services to local businesses and residents that are chargeable, such as Commercial Waste, Building Control, Environmental Health Licensing and Sports Bookings. The department is proposing to apply the recommended Council inflationary uplift of up to 6.7% on fees and charges from April 2024, with the exception of the fees and charges set out in Appendix 4. Statutory charges which the department cannot influence, will be set according to the relevant statute. Where proposed changes require consultation under statute (such as markets and street trading), this will be undertaken as necessary. Parking charges and fines are set in line with transport policy objectives and not considered as part of the budget process.

Equality Implications

52. A draft Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council in February 2024.

List of Appendices:

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Equality Impact Assessments

Appendix 4 – Fees and Charges Exceptions

Appendix 5 – Core Spending Power calculation