

<b>Report title:</b> 2024/25 Budget Setting Process	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 14 December 2023	<b>For:</b> Consideration
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<b>County Divisions affected:</b> All Essex	

## **1. Purpose of report**

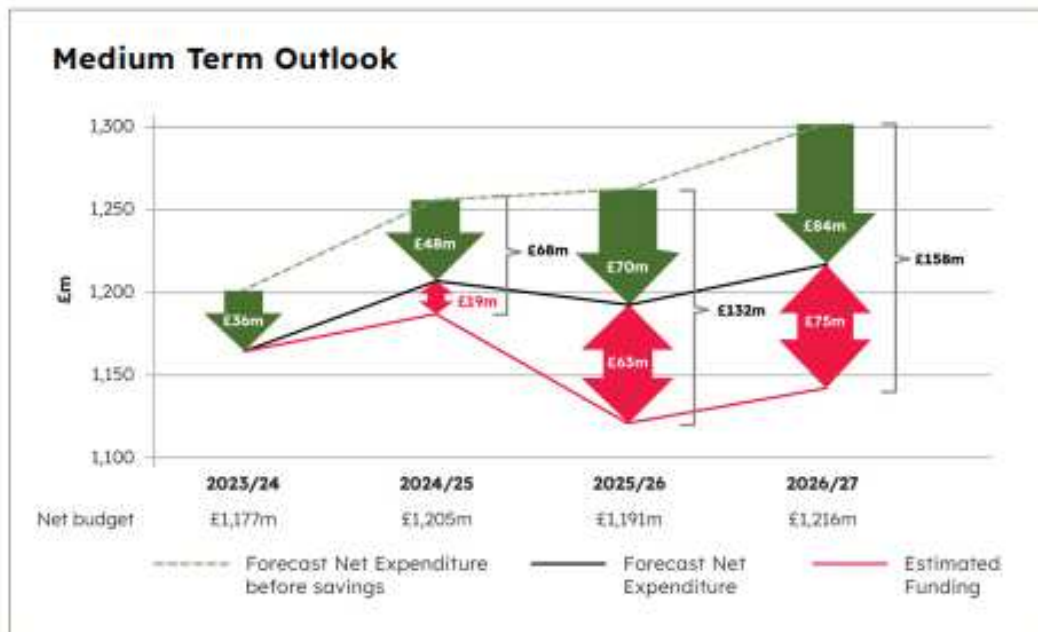
- 1.1 This item is to provide an overview of the budget process for 2024/25, including how the budget is built, key risks being considered, the uncertainty driving the medium term, and key dates in the lead up to the February 2024 Council meeting.

## **2 Background**

- 2.1 The process for setting the 2024/25 budget and the medium term resource strategy has been underway since the beginning of the financial year. Work is now in its final stages and will continue until the final budget for 2024/25 is presented to Cabinet in January, followed by Full Council in February.

## **3 2024/25 Budget Setting Process**

- 3.1 Budget setting for 2024/25 and a refresh of the medium term resource strategy is now in its final stages. As set out in February 2023, our medium term resource strategy forecast a budget gap of £19m for 2024/25, rising to £75m by 2026/27.



- 3.2 Throughout the year scenario planning of our key assumptions that drive the budget, including inflation, demand, saving delivery and Council Tax and Business Rates variables has been undertaken, based on confidence and latest information available.
- 3.3 Given the current economic climate, there are a number of risks and challenges that we are facing in setting next year's budget. The rate of inflation is still over 4%, double the Bank of England target, and the ongoing uncertainty around forecast levels of inflation will impact contractual expenditure. As an example of this uncertainty, in the 2023/24 Half Year report to Cabinet in October, inflation pressure of £14m was identified above that budgeted for. In addition, we have seen significant in-year pressures across Children in Care and Home to School Transport, that will impact on the budget for 2024/25. There is also the impact of cost of living on our residents, given higher than normal inflation, and the impact this may have on demand for services and tax collection rates (both for council tax and business rates). Alongside this there remains significant uncertainty on medium term funding from government.
- 3.4 As part of the presentation to the Committee we will set out the process of how we build the budget and the key elements that make up the budget.

#### 4 List of Appendices

None