

**AMENDMENT TO BUDGET PROPOSALS FOR 2024/25 TO 2027/28 AND OPTIONS
FOR COUNCIL TAX 2024.25**

2.58 Clearly there remain uncertainties around inflation and future pay awards from 2024/25 onwards. The 1-year funding settlement also leaves funding uncertainties for 2025/26 onwards. Taking account of the above assumptions, the impact of a nil increase, 1.95% and 2.95% in council tax in each of the four years from 2024/25 to 2027/28 is set out in Table 3 below.

Table 3 – Comparison of different Council Tax Precepts

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	52,688	55,341	56,655	57,788
Total External Funding	(21,557)	(21,065)	(21,450)	(21,549)
Balance to be met locally	31,132	34,276	35,205	36,239
Council Tax Yield (0%)	(30,106)	(30,512)	(30,924)	(31,341)
Council Tax Yield (1.95%)	(30,694)	(31,715)	(32,771)	(33,861)
Council Tax Yield (2.95%)	(30,993)	(32,338)	(33,741)	(35,204)
Budget Shortfall (0%)	1,026	3,764	4,281	4,898
Budget Shortfall (1.95%)	438	2,561	2,434	2,378
Budget Shortfall (2.95%)	139	1,938	1,464	1,035

2.59 Table 3 shows that with no increases in council tax levels there will be a deficit of £1.026m in 2024/25. This will rise to £3.764m in 2025/26. It increases further to £4.898m by 2027/28.

2.60 Table 3 shows that even with a 1.95% increase in council tax there would be a significant deficit of £438k in 2024/25, rising to £2.561m in 2025/26 and to £2.378m in 2027/28.

2.61 The level of reserves available to support the budget (see sections 2.49 to 2.50) would be sufficient to cover the 2024/25 deficit. A significant level of savings would need to be implemented in order to balance the budget over the coming years with a 1.95% increase in council tax.

2.62 Finally, table 3 brings together the budget requirement if council tax is increased by 2.95% in each of the four years from 2024/25 to 2027/28.

2.63 The above table shows that the estimated deficit position for 2024/25 would reduce to £139k should a 2.95% increase in council tax be approved, rising to £1.938m in 2025/26 and to £1.035m in 2027/28.

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2.64 The 2024/25 deficit can be met from the Budget Pressure Support Earmarked Reserve of £1.125m (section 2.50). However, efforts will be made during the year to identify savings where possible through robust budget monitoring or via the workforce review in order to minimise the use of reserves.

SUMMARY

2.65 A comparison of the deficit if council tax is increased by 0%, 1.95% and 2.95% in each of the four years 2024/25 to 2027/28 is shown in table 4 below. The deficit positions should be considered alongside the assumptions outlined in section 2.57. Future year estimates remain uncertain at this point in time due to the one-year funding settlement and the uncertain economic climate.

Table 4 – Comparison of different Council Tax Precepts

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	52,688	55,341	56,655	57,788
Total External Funding	(21,557)	(21,065)	(21,450)	(21,549)
Balance to be met locally	31,132	34,276	35,205	36,239
Council Tax Yield (0%)	(30,106)	(30,512)	(30,924)	(31,341)
Council Tax Yield (1.95%)	(30,694)	(31,715)	(32,771)	(33,861)
Council Tax Yield (2.95%)	(30,993)	(32,338)	(33,741)	(35,204)
Budget Shortfall (0%)	1,026	3,764	4,281	4,898
Budget Shortfall (1.95%)	438	2,561	2,434	2,378
Budget Shortfall (2.95%)	139	1,938	1,464	1,035