

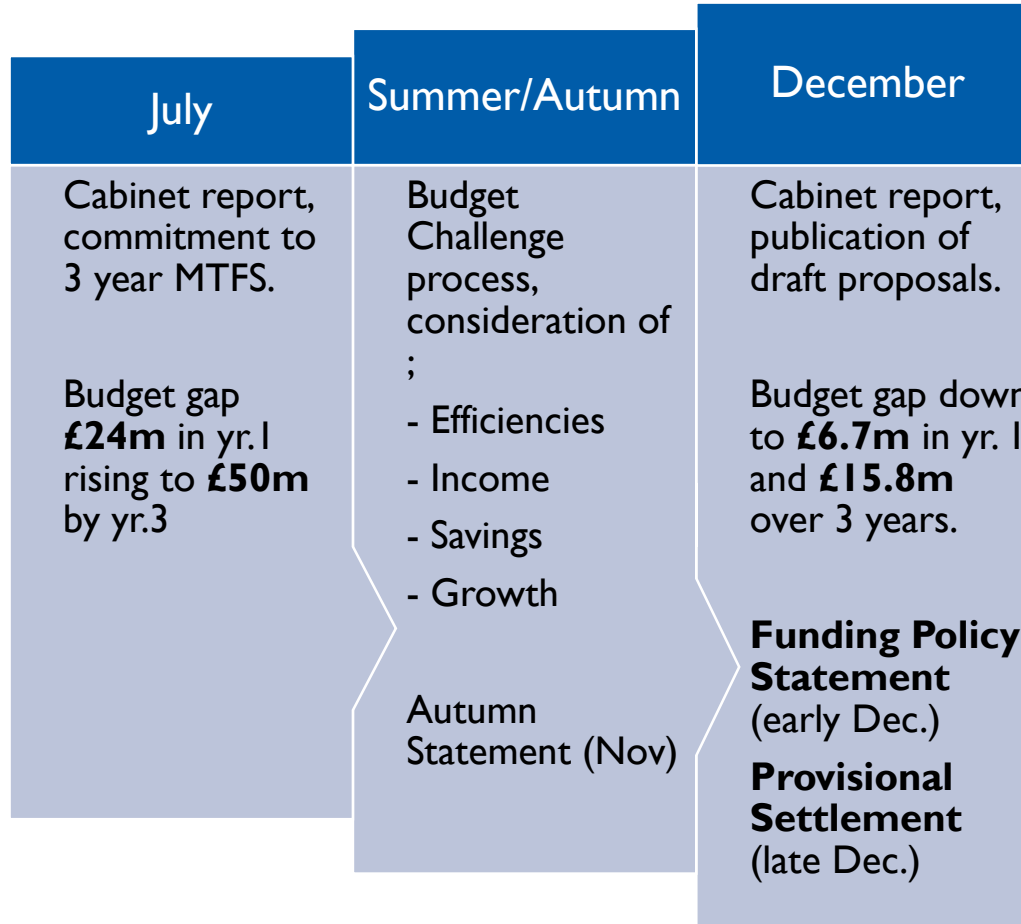
Budget Challenge Update

Overview & Scrutiny Committee
10 Jan 2024



SOUTHWARK
2030

Brief Recap of Process to date



Funding Policy Statement and Provisional Local Government Finance Settlement

- Government provided a 'Funding Policy Statement' in early December, effectively a sneak-preview of the PLGFS to be delivered later that month.
- The PLGFS was broadly as expected, un-ringfenced grants were within £900k of forecasts.
- Still, disappointing to see no funding to tackle;
 - Climate change
 - Temporary Accommodation crisis
 - Ongoing Household Support Fund

Remaining Timeline

Date	Meeting	Purpose	General Fund	HRA
December 2023	Cabinet - Updated P&R Strategy	To provide options for meeting the budget challenges over the next three financial years	✓	
	Cabinet - Council Tax Base	To provide a draft budget and indicative rent levels		✓
	Consultation	Indicative budget/rent taken to Tenant and Homeowner Forums for consultation		✓
January 2024	Cabinet - Rent Setting	To set the HRA rent levels for 2024-25		✓
	Consultation	Letters to sample of Businesses, engagement with Multi-Ward Forums	✓	
	Overview & Scrutiny	Comment on and make recommendations in respect of the cabinet's proposed 2024-25 budget and indicative budgets for future years	✓	
February 2024	Cabinet - P&R Strategy	Recommend to Council Assembly balanced budget for 2024-25	✓	
	Council Assembly	Council Tax setting and approve a balanced budget for 2024-25 and agree indicative budgets for 2025-26 and 2026-27	✓	

Next Steps

- Engagement with Multi-Ward forums in mid-January
- Write out to sample of Business Rate payers
- Full-Day scrutiny and feedback on 22/23 January
- Prepare a balanced budget to take to Cabinet in February



Housing Revenue Account

- 23/24 forecast is c. **£16.7m overspend** (was £13.8 @ M4)
- Revenue budgets overspent, particularly in R&M and Resident Services
- Reserves stand at **£19.5m**
- Capital programme alone will add £10m+ interest costs in 2024/25
- Further detail in October Cabinet MTFS report

HRA Recovery Plan outline

- Draft plan in development over 15yr horizon
- **Phase 1** (first 3 years) focus on;
 - c.6% reduction in revenue expenditure
 - Pausing & re-phasing some capital programmes
 - Borrowing for Asset Management where unavoidable
 - Disposal of uneconomic voids to limit borrowing
- **Phase 2;**
 - Rebuild reserves, right-size AM budgets, repay borrowing

