

Title of report: 2022/23 budget setting and consultation

Meeting: Cabinet

Meeting date: Thursday 29 July 2021

Report by: Cabinet member corporate strategy and budget

Classification

Open

Decision type

Non-key

Wards affected

Purpose

To recommend the approach for consultation to inform the 2022/23 budget and developing the medium term financial strategy (MTFS).

Cabinet is required to publish its timetable for making proposals to Council for the adoption of the MTFS, its capital budget and setting a revenue budget, and its arrangements for consultation of those initial proposals.

Recommendation(s)

That:

- a) the proposed timetable for the development and adoption of the Medium Term Financial Strategy and the 2022/23 budget be approved;**
- b) the approach for consulting on budget proposals for 2022/23 be approved; and**
- c) for a Citizens Assembly to be held in the late autumn to carry out a participatory budget process to inform ways of allocating the anticipated New Homes Bonus funding**

Alternative options

1. It is open to Cabinet to propose alternative timetable and consultation arrangements, but in doing so regard must be had to the council's budget and policy framework procedure rules and the legislative requirements for Council to approve a budget.

Key considerations

2. The council intends to adopt a longer-term approach to its strategic and financial planning, using the policy directions from the county plan to inform and direct priorities as demonstrated in the current medium term financial strategy (MTFS) agreed by full Council in February 2021.
3. The current MTFS focuses on the short term and immediate budget saving pressures following the global pandemic Covid 19. The updated MTFS will aim to address the longer term post Covid-19 recovery years and how expected available resources will be utilised in line with the council priorities as detailed in the council's county plan.
4. The MTFS is a key part of the council's integrated corporate, service and financial planning cycle and is intended to highlight at an early stage where the council may have financial challenges and the level of resources it is likely to have available. This provides greater flexibility and resilience in the development of strategic approaches to resourcing the priority activities and services.
5. Local government are asking for a multi-year spending review (covering 2022-23 to 2024-25) but it is generally accepted that a one-year spending round for 2022-23 could be confirmed later in 2021. There continue to be pressures and national reform, for example in health and care and potential local government fairer funding review that will underpin the MTFS.
6. There is a legal requirement that the council has to set an annual balanced budget that is approved by full Council; Cabinet is responsible for developing and proposing a balanced budget to Council. The budget and policy framework rules require Cabinet to publish a timetable for making proposals to Council for the adoption of the MTFS and budget, and its arrangements for consultation on initial proposals.
7. Having published the timetable for development of the budget proposals, it is a matter for the chairpersons of the scrutiny committees to take steps to ensure that the relevant committee work programmes include any such plan, strategy or budget to enable scrutiny members to inform and support the process for Cabinet making proposals to Council. This includes providing constructive challenge to the responsible Cabinet member on policy proposals and exploring options for future policy development.
8. The council has a responsibility to consult with residents and businesses on its annual budget. There is a statutory requirement under section 65 of the Local Government Finance Act 1992 to consult with representatives of business ratepayers on the proposed budget before its adoption.
9. It is proposed that consultation will start in August 2021. Online surveys and focus groups will be held. This engagement will be conducted in various formats; including face to face engagement hosted online. Where possible, existing groups and meetings will be utilised

supported by council officers. The outcome of the public consultation will be shared at the Cabinet meeting on 25 November 2021.

10. The utilisation of an online survey will be open to all and promoted through a mixture of digital and traditional communication channels. This will provide information and context to people and encourage engagement and feedback on the proposed budget and investment priorities. This approach is consistent with previous years. There will also be independent consultation on changes to the 2021/22 council tax reduction scheme targeting groups that may be affected by the changes.
11. The council is also considering using a participatory budget process, through a Citizens Assembly, to inform ways of allocating the anticipated New Homes Bonus funding.
 - a) Participatory budgeting is a form of citizen participation in which citizens are involved in the process of deciding how public money is spent. Local people are often given a role in the scrutiny and monitoring of the process following the allocation of budgets.
 - b) Careful consideration should be given towards ensuring that the citizens involved are given sufficient information and support to reach decisions that can be enacted. This helps avoid feelings of disenfranchisement which result from decisions not being acted on.
 - c) Participatory budgeting gives citizens real control over where a budget is spent. As such, budgets can be spent in a way which better reflects the strengths, needs and aspirations of the population and can be more effective.
12. Following engagement the executive will reflect on the draft budget considering the opinions of the various groups. Chairs of scrutiny committees will be provided with this timetable to enable them to determine how best to build challenge of the Cabinet's proposals into their work programmes. This approach is summarised in the table below based upon the council's current scrutiny arrangements. If there are any changes to the arrangements following adoption of a new constitution in October 2021 this timetable will still be adhered to:-

Action	When
Local consultation (3 weeks)	31 August – 17 September 2021
Independently led focus group consultation – this will include specific council tax reduction scheme consultation	August and September 2021
Online survey (5 weeks)	27 August – 4 October 2021
Social media consultation (5 weeks)	27 August – 4 October 2021
Spending review expected	November 2021
Cabinet – consultation results	25 November 2021
Adults and wellbeing scrutiny committee	10 January 2022
Children and young people scrutiny committee	11 January 2022

General scrutiny committee	14 January 2022
Cabinet post scrutiny	27 January 2022
Council budget setting	11 February 2022
Council council tax setting	4 March 2022

Community impact

13. Publication of the timetable and the proposals for consultation demonstrate compliance with the principles of the council's adopted code of corporate governance and in particular ensuring openness and comprehensive stakeholder engagement.

Environmental Impact

14. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

Equality duty

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Further equality implications will need to be considered alongside pre-existing and continuing consultations on any emerging specific service change proposals.
17. Methodology for engagement and consultation will be proactively considered to maximise the range of audiences; minimising the risk of overlooking opinions of groups of the Herefordshire population with protected characteristics.

Resource implications

18. Costs will be met from existing budgets this includes the outsourcing of consultation as followed in previous years. Digital engagement and consultation are cost effective mechanisms and utilising existing groups and meetings should minimise any costs.
19. The proposed timescales will allow the opportunity for the development of a shadow budget by opposition members. This is the same as in previous years.

Legal implications

20. Section 30(6) of the Local Government Finance Act 1992 provides that the council has to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set.
21. The duty to consult on council tax implications is required under statute for non-domestic rate payers and is implied for domestic rate payers as part of the council's duty to act fairly. The scope of the consultation will determine: who should be consulted; how long the consultation should be open for; what questions need to be asked; and how answers should be evaluated so that the outcome of the consultation can be conscientiously taken into account when the ultimate decision is taken. Further consultation exercises may be required alongside pre-existing and continuing consultations on specific service change proposals.
22. The obligation to consult on budget proposals arise when the budget proposals are at a formative stage either because of a specific statutory obligation to consult on changes or if proposed savings impact on the council's ability to comply with its Public Sector Equality Duty responsibilities. Even where there is no express statutory duty to consult the courts may imply a duty to consult as part of a promise/past practice and/or a public's general duty to act fairly.
23. There are now minimum requirements of consultation expected by the courts, which have become known as 'Sedley criteria' endorsed by the Supreme Court involving the London Borough of Haringey in 2014. These are:
 - a) Consultation must be at a time when proposals are at a formative stage
 - b) Sufficient information must be given to permit an intelligent consideration and response
 - c) Adequate time must be given for consideration and response
 - d) The results of the consultation must be conscientiously taken into account in finalising any proposal.
24. Under s3 Local Government Act 1999 there is an obligation on local authorities to consult widely in order to determine how the Best Value duty should be fulfilled when reshaping services and consultation should provide for interested organisations, service users and wider community to put forward options in response to the council's savings proposals.
25. The type and scale of consultation must be proportionate to the potential impact of the proposal of decision being taken.

Risk management

26. It is a statutory obligation of the council to undertake consultation around its budget and MTFS. It is also a constitutional requirement of the council to propose and publish its timelines for how this is to be undertaken.
27. Not allowing appropriate time for consultation of key documents will increase the risk that the priorities and budget are not aligned to the views of the public. The proposed timetable above represents an achievable way of gauging public opinions.
28. All budget proposals contain a degree of risk. Whilst the council has a good track record of delivering requisite savings to date, the following are key risks.
 - a) Demand – further demands on the council's services.
 - b) Reputation – if stakeholder engagement is not managed effectively, any need for the council to take difficult decisions in response to the contraction of public expenditure will not be understood.
 - c) Delivery – the delivery of the agreed budget will need to be effectively managed.
29. These risks are mitigated through budget modelling, regular monitoring and feedback.

Consultees

30. None.

Appendices

None.

Background papers

None identified.