

Title of report: 2022/23 budget setting

Meeting: General scrutiny committee

Meeting date: Tuesday 14 December 2021

Report by: Chief Finance Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To seek the views of the General Scrutiny Committee on the draft budget proposals for 2022/23, both capital and revenue items.

The draft proposals show an overall increase in the proposed base revenue budget funded through a 2.99% increase in council tax and grant funding expected to be confirmed in the provisional financial settlement.

The Committee is invited to make recommendations to inform, constructively challenge and support the process for making Cabinet proposals to Council regarding the adoption of the budget.

Recommendation(s)

That:

- a) the Committee note the current budget setting assumptions, prior to the central government funding settlement, and consider its recommendations in relation to the 2022/23 budget proposals for revenue and capital.**

Alternative options

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals for council consideration and it is a function of this committee to make reports or recommendations to the executive with respect to the discharge of any functions which are the responsibility of the executive. The Council's budget and policy framework rules require Cabinet to consult with scrutiny committees on budget proposals in order that the scrutiny committee members may inform and support the process for making Cabinet proposals to Council.

- It is open to the Committee to recommend alternative spending proposals or strategic priorities; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.

Key considerations

- Overall a balanced base budget for 2022/23 is proposed. The proposed 2022/23 revenue budget assumes a total council tax increase of 2.99%, 1.99% increase in core council tax and a 1% adult social care precept. This increases the band D equivalent charge to £1,701.70 representing an increase of £0.95 per week. This is expected to be confirmed as the maximum increase permitted, a higher increase would require the support of a referendum.
- The 1% adult social precept will generate additional income of approximately £1.5m. This income is ring-fenced to fund the adult and communities base budget pressures arising from demands for services.
- The council tax base for 2022/23 has grown by 3% (following a 2% decrease in the prior year) to 70,252.52 band D equivalent properties. This growth is welcomed and reflects no further increases in working age council tax reduction claimants.
- The working age council tax reduction scheme for 2022/23 is proposed to remain at 100% discount approved for 2021/22. Working age households in receipt of council tax reduction increased rapidly at the start of the Covid-19 pandemic. The caseload has remained at a consistent level of approximately 6,500 households during 2021/22, pre pandemic the caseload was 5,375 households.

Budget Setting Timetable

- Council will be asked to approve the 2022/23 budget on 11 February 2022. At the same meeting Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy, value for money strategy, council tax reduction scheme and the capital strategy. The 2022/23 budget setting timetable is shown below:-

Action	When
Local consultation	31 August – 17 September 2021
Independently led focus group consultation	August and September 2021
Online survey	27 August – 4 October 2021
General scrutiny committee	14 December 2021
Adults and wellbeing scrutiny	10 January 2022
Children and young people scrutiny	11 January 2022
General scrutiny committee	14 January 2022
Cabinet	27 January 2022
Council – approval of budget, capital and MTFS	11 February 2022
Council – council tax setting	4 March 2022

Community impact

8. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County Plan 2020 - 2024.
9. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
10. In accordance with the principles of the code of corporate governance, the council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

Environmental Impact

11. The 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.
12. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

Equality duty

13. 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.
- 14 Service specific equality impact assessments will be completed for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010. The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified.

Resource implications

- 15 The financial implications are as set out in the report. The ongoing operational costs including, human resources, information technology and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

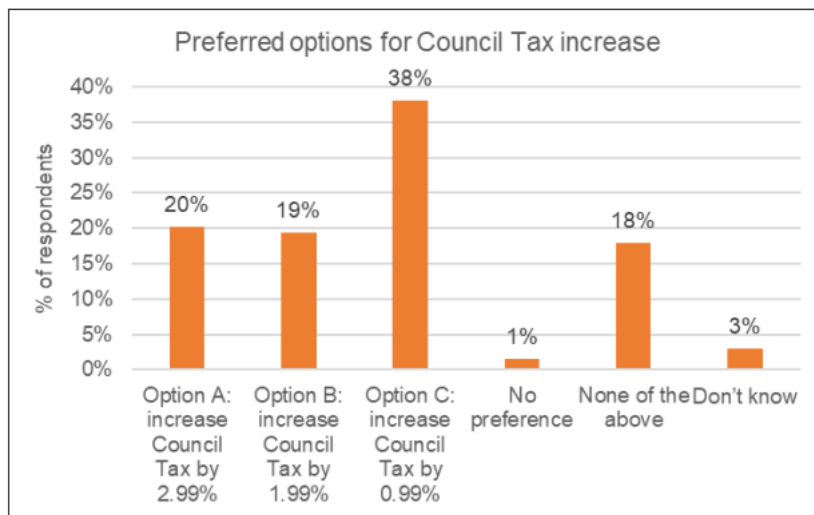
- 16 When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
- 17 The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.
- 18 Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
- 19 The Council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
- 20 The Council's budget and policy framework rules require that the chair of a scrutiny committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making cabinet proposals to Council.
- 21 The Council is required to consult on its budgetary proposals at an early stage. Consultation on the budget setting was carried out during September and October 2021. The consultation met the "Sedley Criteria" as endorsed by the Supreme Court.
- 22 Section 106 of the Local Government Finance Act 1992 restricting councillors voting on certain matters where they are in arrears of council tax, does not apply to scrutiny function as the views from scrutiny on the budget are not a recommendation for approval, a resolution or any other type of decision. As a result a s106 check of councillors arrears has not been undertaken.

Risk management

- 23 Section 25 of the Local Government Act 2003 requires the S151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 24 The budget has been updated using the best available information; current spending, anticipated pressures and the provisional settlement. This draft will be updated through the budget setting timetable.
- 25 The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
- 26 There are additional risks to delivery of budgets including unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.

Consultees

- 27 Attached as appendices B to D are the results of public consultation, the webpage was visited 442 times during the consultation period.
- 28 Appendix B is a report into local budget consultation zoom events held. 14 consultation events were held between 1st and 30th September with Parish Councils and other key stakeholders. The aim of the sessions was to ask key questions specifically related to the 2022/23 budget but also to have more in-depth discussion about ideas that were introduced in last year's budget consultation sessions. There was support to increase the Council Tax by 1.99% slightly more than increasing the Council Tax by 0.99%.
- 29 Appendix C shares the key findings from the online consultation and Appendix D provides the statistical data. A total of 134 responses were received to the online questionnaire, in relation to council tax increase the responses were;-



Appendices

- Appendix A Presentation
- Appendix B Public consultation – events
- Appendix C Public consultation – key findings
- Appendix D Public consultation – statistics

Background papers

None identified