

# Title of report: 2022/23 budget setting

**Meeting: General scrutiny committee**

**Meeting date: Thursday 27 January 2022**

**Report by: Leader of the Council**

## **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 budget proposals for 2022/23 following the announcement of the provisional financial settlement.

The draft proposals show an overall increase in the proposed base revenue budget funded through a 2.99% increase in council tax, inclusive of a 1% adult social care precept, and grant funding announced by central government 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) **having regard to the proposals the committee determines any recommendations it wishes to make to Cabinet in relation to the 2022/23 budget proposals.**

## **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.

2. 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.

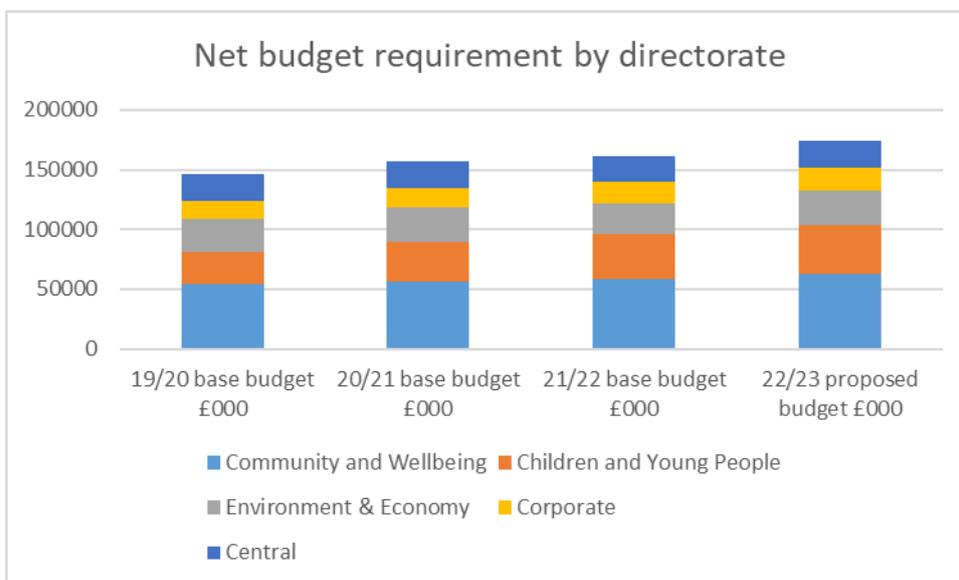
### Key considerations

3. A balanced budget for 2022/23 is proposed, the presentation at appendix A provides details. The 2022/23 base budget proposals are based on the provisional local government financial settlement and an assumed 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 (£4.12 a month). This is the maximum increase permitted, a higher increase would require the support of a referendum.
4. The 1% adult social care precept will generate additional income of approximately £1.5m, this income is ring-fenced to fund the adults 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.

### Proposed 22/23 Budget

Detail	21/22 base budget £000	Pressures £000	Savings £000	22/23 proposed budget £000
Community and Wellbeing	58,939	4,233	(718)	62,454
Children and Young People	36,911	4,415	-	41,326
Economy and Environment	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
<b>Sub Total</b>	<b>140,328</b>	<b>16,718</b>	<b>(2,102)</b>	<b>154,944</b>
Central	20,668	-	(500)	20,168
<b>TOTALS</b>	<b>160,996</b>	<b>16,718</b>	<b>(2,602)</b>	<b>175,112</b>
Funded by:-				
Council tax	112,944			119,549
Business rates	36,753			37,488
Collection fund deficit	(200)			1,260
Revenue support grant	638			663
Rural services delivery grant	5,353			5,353
Social care support grant	5,508			7,691
Market Sustainability & Fair Cost of Care	-			594
Lower Tier Services Grant	-			264
2022/23 Services Grant	-			2,250
<b>TOTALS</b>	<b>160,996</b>			<b>175,112</b>

5. The net budget requirement has grown, its split between directorates is shown in the graph below:-



6. Appendix B provides detail behind the savings proposals and appendix C provides a three year directorate base budget summary.
7. Appendix D details the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Twelve capital investment budget proposals totalling £32.08m have been identified, to be funded by capital grants (£13.01m), returns on capital investment (£5.55m), capital receipts reserve (£1.5m) and prudential borrowing (£12.02m). Appendix E provides business cases for each proposed scheme and Appendix F provides the three year capital investment budget.
8. Appendix G updates the committee on the Covid 19 funding allocations during the period April to December 2021.
9. 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, treasury management strategy, council tax reduction scheme and the capital strategy.

### Community impact

10. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County Plan and associated delivery plan.
11. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
12. 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

13. 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.

14. 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**

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
16. 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.
17. 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. Service specific equality impact assessments will be completed when the service specific proposals are developed 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**

18. 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**

19. 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.
20. 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.
21. 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.
22. 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 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.

23. The council's budget and policy framework rules require that the chairman of a scrutiny committee take steps to ensure that the relevant committee work programmes includes any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making Cabinet proposals to Council.
24. 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**

25. 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.
26. 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.
27. There are general risks to delivery of budgets including the delivery of services, new homes, government policy changes and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement, ear marked reserves and an annual contingency budget to manage these risks.
28. 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.

### **Consultees**

29. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.
30. Local budget consultation zoom events were held in September 2021, 14 consultation events were held 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 were 51 participants. There was support to increase the general Council Tax charge by 1.99%, which is the proposed increase. The summary report was discussed with committee members on 14 December 2021.
31. An online public consultation was open between 27 August and 4 October 2021. The webpage was visited 442 times during the consultation period. A total of 134 responses were received to the online questionnaire, the survey results were discussed with committee members on 14 December 2021.

32. The budget proposals were considered by the adults and wellbeing scrutiny committee on 10 January 2022 whom made the following recommendations:-

<b>Recommendation</b>	<b>Response</b>
A breakdown of the base budget and how much is being spent in each area be provided to the committee. It is further expected that in future there should be consistency in the level of detail contained within the reports produced for each scrutiny committee	Provided on today's agenda at appendix C
Given the importance assigned to Talk Community to manage demand, an element of its budget be skewed towards better communication of its services and access to hubs so that there is more visibility and engagement with the community	To be discussed at the meeting
The Interim Director of Adult Services investigates the Homeshare programme and its possible benefits and reports back to the committee	To be discussed at the meeting
The Interim Director of Adult Services provides the committee with more information on the levels of satisfaction with the service generally and also the response raised by care leavers in the budget consultation	To be discussed at the meeting
The costs involved with All Ages Commissioning, specifically mental health services, be provided to the committee	Provided on today's agenda at appendix H

33. The budget proposals were considered by the children and young people scrutiny committee on 11 January 2022 whom made the following recommendations:-

<b>Recommendation</b>	<b>Response</b>
The committee notes and accepts the children and young people services budget for 2022/23	Noted
The committee be provided with a greater breakdown of detail where money is spent in the budget on specific service areas	Provided with today's agenda at appendix C
The committee would want to see in future budgeting an increase in the allocation for early help / early years	To be discussed at the meeting

## **Appendices**

- Appendix A: Presentation
- Appendix B: Savings proposals
- Appendix C: Directorate 3 year base budgets
- Appendix D: Capital funding requests for approval
- Appendix E: Capital business cases
- Appendix F: Three year capital programme
- Appendix G: Covid-19 grant related funding
- Appendix H: Costs involved with All Ages Commissioning

## Background papers

None identified

## Report reviewers used for appraising this report:

Governance	Sarah Buffrey	Date 10/01/2022
Finance	Audrey Clements	Date 09/01/2022
Legal	Alice McAlpine	Date 07/01/2022
Communications	Luenne Featherstone	Date 09/01/2022
Equality Duty	Carol Trachonitis	Date 10/01/2022
Procurement	Rosalie Schultz	Date 09/01/2022
Risk	Kevin Lloyd	Date 10/01/2022
Approved by	Andrew Lovegrove	Date 19/01/2022