

Title of report: 2023/24 Budget Setting Timetable

Meeting: Cabinet

Meeting date: Thursday 28 July 2022

Report by: Cabinet member corporate strategy and budget

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

Cabinet is required to publish its timetable for making proposals to Council for the following financial year's revenue and capital budgets and estimates of future years' revenue resources by way of a Medium Term Financial Strategy.

Cabinet is also required to set out its approach to public consultation on the budget proposals.

Recommendation(s)

That:

- a) **the proposed timetable for the development and adoption of the Medium Term Financial Strategy and the 2023/24 budgets be approved; and**
- b) **the proposed approach to the budget consultation is approved.**

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. For the past few years, local authorities have received a one-year funding settlement from central government and without a multi-year settlement it is extremely difficult for the council to undertake longer term financial planning.

3. The current global and wider economic crisis as a result of Covid and the Ukraine war is creating even more uncertainty in forecasting future financial resources. However, Cabinet are intending to adopt a longer-term approach to its strategic and financial planning and are proposing to present a four-year Medium Term Financial Strategy (MTFS).
4. This will include the balanced budget proposals for 2023/24 and estimates of the revenue resources and any budget shortfalls for the following three years to 2026/27 together with options for savings and efficiencies to ensure that a balanced budget can be set in future years. This will include how the council's reserves are to be utilised and/or replenished over the same period.
5. 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.
6. Local government are asking for a multi-year spending review but it is possible that a one-year settlement for 2023/24 could be announced in the spending round later in 2022. Local authorities are currently facing significant financial pressures from the impacts of high inflation and increased costs/loss of income as the UK continues to recover from the Covid-19 pandemic.
7. Local authorities are also undertaking preparatory work to understand the impacts from the implementation of the government's social care reforms and the amount of additional expenditure local authorities will face and whether any funding will be provided to meet these additional costs.
8. There is still uncertainty whether the government will implement its proposed Fairer Funding Reforms for business rates from 2024/25 and this will be important to the council as it could benefit from increased funding if the reform were to be implemented.
9. There is a legal requirement for an annual balanced budget to be approved by Full Council and 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.
10. 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.
11. 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.
12. For the 2022/23 budget proposals, the consultation approach was by way of online surveys

and focus groups but also included a Citizens Assembly. Following discussion and feedback it is not proposed to hold a Citizens Assembly for 2023/24.

13. It is currently proposed that consultation will start in September 2022 and initially that will be through online surveys and focus groups with engagement in various ways including face to face engagement hosted online. Where possible, existing groups and meetings will be utilised supported by council officers.
14. 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.
15. It is also proposed that face-to-face consultation is undertaken through roadshows on market days and at village events taking on board feedback from existing roadshow events. Feedback from the current Local Plan consultation and those forums which are considered to be the most effective will be taken into account.
16. There will also be independent consultation on changes to the 2022/23 council tax reduction scheme targeting groups that may be affected by the change.
17. The purpose of this report is also to understand whether Cabinet members would like other forms and methods of consultation to be conducted.
18. The outcome of the public consultation will be shared at the Cabinet meeting on 24 November 2022.
19. The proposed budget timetable is summarised in the table below based on the new governance structures which have come into effect in May 2022. 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 new governance structures: will want to consider their approach to scrutiny of the budget and processes.

Action	Timeline
Local consultation (3 weeks)	1-21 September 2022
Focus groups and independent group consultation	1-21 September 2022
Online survey (5 weeks)	1 September to 5 October 2022
Social media consultation (5 weeks)	1 September to 5 October 2022
Roadshows and other face-to-face events	1 September to 5 October 2022
Government spending review announcement (estimated)	November 2022
Cabinet - consultation outcomes and draft budget proposals	24 November 2022

Scrutiny Management Board (scrutiny of Cabinet report draft budget proposals)	29 November 2022
Scrutiny Management Board (recommendations to Cabinet)	09 January 2023
Cabinet – final proposed budget	26 January 2023
Full Council – final budget for approval	10 February 2023
Council tax setting	3 March 2023

Community impact

20. 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

21. 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.

Equality duty

22. 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.

23. 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.
24. Further equality implications will need to be considered alongside pre-existing and continuing consultations on any emerging specific service change proposals. The methodology for engagement and consultation will be proactively considered to maximise the range of audiences thereby minimising the risk of overlooking opinions of groups of the Herefordshire population with protected characteristics.

Resource implications

- 25. Costs of local on-line consultation will be met from existing budgets. Digital engagement and consultation are cost effective mechanisms and utilising existing groups and meetings should minimise any costs.
- 26. 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

- 27. 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.
- 28. 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.
- 29. 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.
- 30. 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.
- 31. 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

- 32. 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.
- 33. 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.

34. All budget proposals contain a degree of risk and a requirement to deliver efficiencies and savings. The following are key risks: 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.

35. These risks are mitigated through budget modelling, regular monitoring and feedback.

Consultees

36. None

Appendices

None

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey, Democratic Services Officer	Date 20/07/2022
Finance	Louise Devlin	Date 18/07/2022
Legal	Alice McAlpine	Date 18/07/2022
Communications	Luenne Featherstone	Date 13/07/2022
Equality Duty	Carol Trachonitis	Date 13/07/2022
Procurement	Lee Robertson	Date 13/07/2022
Risk	Kevin Lloyd	Date 15/07/2022
Approved by	Andrew Lovegrove	Date 21/07/2022