

# Title of report: 2023/24 budget setting

**Meeting: Scrutiny Management Board**

**Meeting date: Tuesday 17 January 2023**

**Report by: Cabinet member finance, corporate and planning**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To seek the views of the Scrutiny Management Board on the budget proposals for 2023/24 following the announcement of the provisional financial settlement.

## **Recommendation(s)**

**That:**

- a) **having regard to the proposals the Board determines any recommendations it wishes to make to Cabinet in relation to the 2023/24 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.

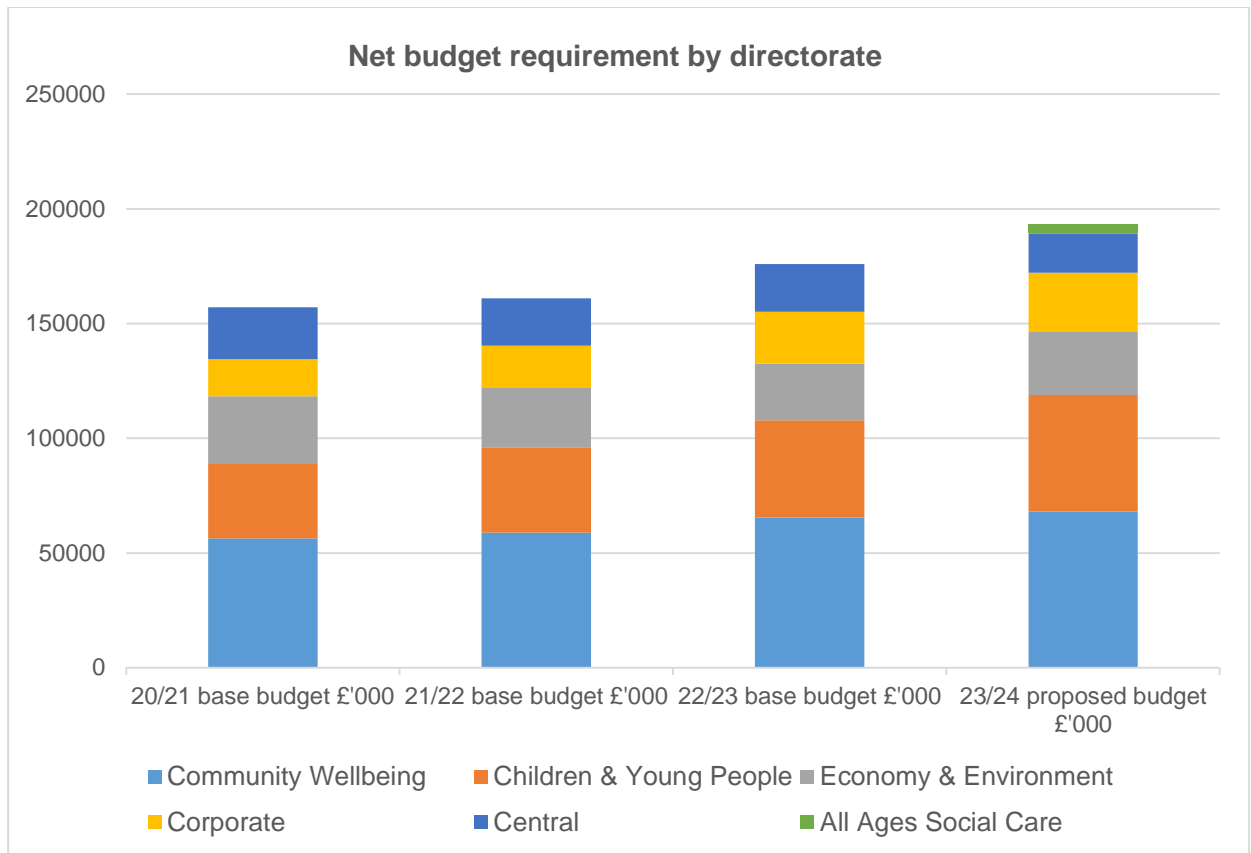
## Key considerations

3. A balanced budget for 2023/24 is proposed. The 2023/24 base budget proposals are based on the provisional local government financial settlement and a proposed increase in council tax of 4.99% which includes 2% for Adult Social Care. This is the maximum increase permitted, a higher increase would require the support of a referendum.
4. The council tax base for 2023/24 has grown by 1.2% to 71,073 band D equivalent properties. This growth, and the proposed increase of 4.99%, would generate an additional £7.4m in council tax income in 2023/24.

## Proposed 2023/24 Budget

Detail	22/23 base budget £'000	Pressures £'000	Savings £'000	23/24 proposed budget £'000
Community and Wellbeing	65,399	8,830	(6,105)	68,124
Children and Young People	42,262	13,050	(4,500)	50,812
Economy and Environment	24,787	5,148	(2,200)	27,735
Corporate	22,634	4,226	(1,330)	25,530
All Ages Social Care		4,000		4,000
<b>Sub Total</b>	<b>155,082</b>	<b>35,254</b>	<b>(14,135)</b>	<b>176,201</b>
Central	20,826	2,181	(5,900)	17,107
<b>TOTALS</b>	<b>175,908</b>	<b>37,494</b>	<b>(20,035)</b>	<b>193,308</b>
<b>Funded by:-</b>				
Council tax	119,549			126,980
Business rates	38,284			40,614
Collection fund surplus	1,260			1,400
Revenue support grant	663			983
Rural sparsity delivery grant	5,353			5,353
Social care support grant	7,691			13,466
Adult Social Care Discharge Fund				951
Market Sustainability & Fair Cost of Care	594			2,062
Lower Tier Services Grant	264			
Services Grant	2,250			1,268
New Homes Bonus				231
<b>TOTALS</b>	<b>175,908</b>			<b>193,308</b>

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



6. Council will be asked to approve the 2023/24 budget on 10 February 2023. At the same meeting Council will also be asked to approve the updated Medium Term Financial Strategy (MTFS) 2023/24 to 2026/27, Treasury Management Strategy, Council Tax Reduction Scheme and the Capital Strategy.

### Community impact

7. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County Plan and associated delivery plan.
8. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.
9. 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

10. 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.

11. 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**

12. 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.
13. 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**

14. 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**

15. 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.
16. 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.
17. 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.
18. 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.

19. The Council's budget and policy framework rules require that the chairmen 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.
20. 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**

21. 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.
22. 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.
23. 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.
24. 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**

25. 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.
26. A series of 12 local budget public consultation events were held between 25 November and 17 December 2022. Additional engagement with community groups took place through a Community Partnership event and an event with the business community. The consultation presented high-level options to contribute towards balancing the council's budget for 2023/24 and their likely impact. These options included reducing and transforming services, increasing charging for services and increasing council tax. There were 428 participants across these local events. There was support for continuing discounts for council tax for those most in need, raising income in ways which mean residents can afford it to fund services and helping communities to help themselves.

27. An online public consultation was open between 15 December and 3 January 2023. A total of 243 responses were received to the online questionnaire.

### **Appendices**

Appendix A: Directorate Presentations (to follow)

Appendix B: Medium Term Financial Strategy

Appendix C: Savings proposals

Appendix D: Directorate base budgets

### **Background papers**

None identified