

Report to	Corporate Governance and Audit Committee
Date of report	28 th April 2021
Lead Member / Officer	Councillor Julian Thompson-Hill / Steve Gadd, Head of Finance and Property
Report author	Steve Gadd, Head of Finance and Property
Title	Budget Update – MTFP and Budget Process

1. Purpose of the Report

1.1 The report provides an update for Corporate Governance and Audit Committee (CGAC) on the latest projections included in the Medium Term Financial Plan (MTFP) and the plans for the Budget Process for 2022/23 and beyond.

2. What is the reason for making this report?

2.1 The MTFP and the draft Budget Process has been presented to and discussed at the Budget Board on 3rd March, SLT on the 11th March and Cabinet Briefing on the 12th April. The current draft has been amended in light of those comments and suggestions. This report aims to provide information regarding the current budget process for 2022/23 and the key medium term financial planning assumptions in order to help inform the CGAC's oversight role in respect of the council's budget process.

3. What are the Recommendations?

3.1 That the committee consider the process and comment as appropriate.

4. Report details

4.1 **Appendix A** sets out the current financial projections included in the Medium Term Financial Plan. The Appendix consists of the following:

- Medium Term Financial Plan – this now includes initial financial assumptions following review by the Budget Board
- Changes / Decision Log – this itemised and reconciles the current version of the MTFP with that presented to Council in January
- Sensitivity Analysis of possible levels of the Revenue Support Grant ('the settlement')
- Sensitivity Analysis of the impact of different levels of Council Tax

4.2 Budget Process – The second appendix is a report detailing the proposed Budget Process which includes the proposed approach to:

- Pressures
- Short and longer term savings
- Invest to save scheme
- Consultation and engagement

5. How does the decision contribute to the Corporate Priorities?

5.1 Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities. The proposals include allocations to continue to support priorities.

6. What will it cost and how will it affect other services?

6.1 Initial assumptions are included in Appendix A – however the financial impact will change over the coming months as we go through the budget process internally to refine pressures and identify savings. Obviously the major impact on the budget is the funding we receive from Welsh Government (through the Revenue Support Grant) which we are unlikely to receive any announcement on until the autumn.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1 It is the professional judgement of the Section 151 Officer that a Well-being Impact Assessment is not required for this report as no decision is being taken.

8. What consultations have been carried out with Scrutiny and others?

8.1 The plans highlight the consultation that will be required as we go through the process. The draft process itself has been informed by comments received during meetings to set the 2021/22 budget and through consultation with the Budget Board, SLT and Cabinet. Further consultation will be carried out with the Corporate Governance and Audit Committee, Council Briefing meetings, the School Budget and Trade Unions through Local Joint Consultative Committee.

9. Chief Finance Officer Statement

9.1 The aim of the budget process is to ensure that the council delivers a balanced budget. This draft process aims to:

- Ensure consultation is thorough and robust
- Allow for the identification of smaller scale pressures which services have been expected to absorb in past years
- Allow for time to properly consider strategic pressures
- Identify medium term savings projects that will help reduce the need for a %age savings target for services

10. What risks are there and is there anything we can do to reduce them?

10.1 The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. Failure to agree a proper process will risk the legal requirement to achieve a balanced budget for 2022/23.

11. Power to make the decision

11.1 Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.