

Report to	Governance and Audit Committee
Date of meeting	25 th January 2023
Lead Member / Officer	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets / Steve Gadd, Head of Finance and Property
Report author	Steve Gadd
Title	Budget Process Update

1. What is the report about?

- 1.1. To update the Committee on the current Medium Term Financial Plan and Budget Timetable.

2. What is the reason for making this report?

- 2.1. To ensure the G&AC have received the latest information regarding the budget setting process.

3. What are the Recommendations?

- 3.1. Members note the latest budget proposals and position for 2023/24 and 2024/25 (see Section 4 and Appendix 1).

4. Report details

- 4.1 **Budget Update for 2023/24**– An overall update of the final proposals (which has been sent to all Members) is included as an appendix. The better than expected settlement has allowed Cabinet and Council to consider a balanced budget which hasn't required a high Council Tax increase or the use of cash reserves. The timetable for the spring is reproduced below:

- 17th January – Full Council Briefing
- 24th January – Cabinet Budget Report
- 31st January – Council Budget Report

- 28th February – Council – Full Council Tax Report / Approval
- Early March – Final Settlement

4.2 Budget Update for 2024/25

Obviously the better settlement for 23/24 impacts future years also – both in term of actual forecast Revenue Support Grant and be able to set a balanced budget without the use of cash reserves. As such the estimated gap for 24/25 is now forecast to be £6.3m which is a lot lower than the £20+m that we feared. However this will still need careful planning and consultation to bridge that gap. It is also a long way off – and we have all learnt that a lot can change in 3 months let alone 12 months.

Original 5 year Budget Plan hoped to make savings through identification of large projects including:

- Scope for commercialisation – charging / alternative delivery models – ensuring full cost recovery
- Scope for doing things differently – Business Process Re-engineering / areas that require financial benchmarking
- Services own plans and ideas for savings

This is still important but will still not be sufficient to cover the scale of the budget gap and work will commence in the spring to develop further proposals.

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

- 5.1. Setting a balanced budget each year is a core duty of the Council and is crucial to ensure the good governance of the Council as set out in the new Corporate Plan.

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

- 6.1. Section 4 and Appendix 1 clearly outline the financial implications of the budget position for 23/24 and 24/25.

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

- 7.1. A wellbeing impact assessment will be presented to Cabinet and Council as part of the Budget Report.

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

8.1. In addition to regular reports to the Corporate Governance Committee, the budget process has been considered by SLT, Cabinet Briefing, Group Leaders and Council Briefing meetings. The School Budget Forum have been included in the proposals through-out the year. Trade Unions have been consulted 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. The proposals set out in this report offer a balanced approach which takes into account the principles of the new budget process:

- Aim to recognise and remedy in year and forecast service pressures as much as possible in order to build in resilience.
- Ensure services are challenged to deliver efficient services, but to try and minimise the impact of proposals on services users and staff.
- Keep Council Tax increases as low as practicable.
- Limit the use of Cash which only delays the need to identify savings.
- Maintain funding for corporate priorities.

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

10.1. The risks associated with the budget position are clearly stated in Section 4. The non-financial risks are difficult to quantify until proposals are finalised but a reduction in real terms funding of this scale is likely to impact service delivery.

11. Power to make the decision

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