

SETTING THE BUDGET 2022/23

Item CB 22/17 referred from Cabinet of 10 February 2022

Further to the reports to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, the joint report of the Chief Executive, Director of Finance and Transformation, the Leader and Cabinet Member for Finance, Innovation and Property updated the Cabinet on issues relating to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2022/23.

In addition, the budget setting process for this year had to incorporate the difficult task of estimating the extent and speed of the recovery of the Council's income and expenditure impacted by the Covid-19 pandemic, both in the short and medium term.

Members noted that, as at the time of publishing the report the final settlement had not been confirmed, all figures contained in the report were based on the provisional local government finance settlement received in December 2021. The Director of Finance and Transformation advised that it was now confirmed that the final local government finance settlement was the same as the figures previously announced. The Settlement Funding Assessment (SFA) was for one year only. This included an allocation of £1.9M for New Homes Bonus (NHB) and a one-off Services Grant to cover national insurance increases. The overall funding decrease on 2021/22 was £401,000 which represented 7.6%. There was no indication of future core funding, including any replacement (or not) for NHB, beyond 2022/23 and this made financial planning extremely difficult. The Fair Funding Review had also been deferred to a future date. Concern was also expressed that the Negative RSG not yet imposed by the Government would be addressed as part of the Fair Funding Review and would again impact significantly on the Borough Council's financial position.

Members noted that waste, homelessness/temporary accommodation and the Local Plan continued to have significant financial implications for the Borough Council.

Attention was drawn to recommendations from Advisory Boards and the decision of the Licensing and Appeals Committee regarding the levels of fees and charges to be implemented from 1 April 2022 (as set out at Annex 2 to the report). Particular reference was made to the recommendations of the Street Scene and Environment Services Advisory Board (SSE 21/31) in respect of car parking fees and charges. To enable statutory public consultation to be undertaken it was recommended that the implementation date of the proposed fees and charges should be from 1 June 2022 and not 1 April as previously recommended.

The report then described the remaining procedure to be followed in setting the budget for 2022/23 and calculating the council tax. For the purposes of updating the MTFS a council tax increase of £5 in 2022/23 had been assumed and for each year thereafter.

The Cabinet deliberated on the most appropriate guidance to offer the Council as the way forward for updating the MTFS for the next ten year period and setting the council

tax for 2022/23. Members were advised of details of special expenses for the same period.

An updated copy of the Savings and Transformation Strategy was presented, including revised outline targets and timescales for each of the themes totalling £2,150,000. The proposed number, scale and timing of requisite future savings and transformation contributions were set out in 1.10.5 of the report. Members were also reminded that the funding gap set out in the report assumed that all the recommendations made by Advisory Boards and Committees, as summarised in the report, were delivered. If for whatever reason these were found not to be deliverable the funding gap and, therefore, the savings and transformation target would increase.

The Cabinet Member for Finance, Innovation and Property advised that the Cabinet was working, in liaison with the Management Team, on identifying opportunities for new income streams, reducing expenditure and maintaining strong financial planning.

Finally, the Director of Finance and Transformation explained the basis on which the statement to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the required savings and transformation contributions based on latest projections of £2,150,000 would be deliverable.

In closing, the Cabinet recorded its appreciation to the Director of Finance and Transformation and Officers in Finance Services for the significant contribution in preparing the budget during a challenging period.

RECOMMENDED: That

- (1) the Revenue Estimates, as presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, together with the subsequent adjustments detailed at paragraph 1.4.2, be endorsed and adopted by the Council;
- (2) subject to the amendment of the implementation date in respect of car parking fees and charges to 1 June 2022 (as set out in D220019CAB), the fees and charges as recommended by the appropriate Advisory Boards, as set out at Annex 2, be endorsed (Decision Notices D220014CAB to D220020CAB);
- (3) the Capital Plan be updated, as set out in paragraph 1.6.15, and adopted by the Council;
- (4) the Capital Strategy, as presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, be endorsed and adopted by the Council;
- (5) the prudential indicators listed in paragraphs 1.7.7 and 1.7.12 be endorsed and adopted by the Council;
- (6) subject to the comment at paragraph 1.7.11 of the report, for the financial year 2022/23 the Borough Council's annual minimum revenue provision be noted as 'nil';

- (7) the updated MTFS, set out in Annex 11a be noted and endorsed;
- (8) the guidance to the Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2022/23 be noted and endorsed;
- (9) the updated Savings and Transformation Strategy, attached at Annex 11b, including the proposed scale and timing of each of the required savings and transformation contributions, as set out at paragraph 1.10.5, be noted and endorsed;
- (10) the special expenses calculated in accordance with the Special Expenses Scheme and set out at Annex 14b, be endorsed; and
- (11) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves, as set out at Annex 17a, be noted and endorsed.

***Referred to Council**