

REVENUE ESTIMATES 2023-24

Item OS 23/5 referred from Overview and Scrutiny Committee of 26 January 2023

The report of the Director of Finance and Transformation and the Cabinet Member for Finance, Innovation and Property referred to the responsibility of the Cabinet under the Constitution for formulating initial draft proposals in respect of the Budget. Reference was made to the role of the Overview and Scrutiny Committee in assisting the Cabinet and the Council in preparation of the Budget for 2023/24 within the context of the Medium Term Financial Strategy (MTFS) and the Council's priorities.

Attention was drawn to the difficulties experienced within the budget setting process of incorporating an estimate of the scale of the ongoing impact of the pandemic and, more recently, the conflict in Ukraine and its impact on global economic conditions both next year and over the medium term. Other financial pressures included the overall salary bill, IT infrastructure and increasing energy costs. These had been mitigated in part by the good performance of investment and business rates income.

Members welcomed the better than anticipated provisional local government finance settlement for 2023/24 which included an allocation for New Homes Bonus and a Funding Guarantee for 2023/24 of £1.8m. The overall funding increase on 2022/23, taking into account other grants rolled in, was £502,000 (7.2%). However, beyond 2024/25 there was no indication in respect of core funding and uncertainty remained about the future of New Homes Bonus, the Fair Funding Review and Business Rates Retention which made financial planning difficult.

Particular reference was made to the referendum principles in respect of Council Tax increases and for the purposes of preparing the budget papers and updating the MTFS an increase of 3% (or £5 whichever was higher) had been assumed for 2023/24 and 2024/25.

The projected funding gap within the MTFS had been remodelled based on the provisional financial settlement and was now in the region of £1.7M plus £200,000 to be delivered from office accommodation. Members were advised that good progress had been made on achieving the savings target set previously of £350,000 to be delivered by April 2023. However, it was increasingly challenging to identify/deliver savings going forward and the financial position remained difficult.

It was indicated that the pension fund deficit was forecast to be recovered within the 10-year period of this MTFS. This did not mean that a deficit would not reappear as it was dependent upon the future performance of the pension fund. How the risk of that happening might be lessened was subject to consideration.

RECOMMENDED: That



- (1) the draft Revenue Estimates (attached at Annex 1) be endorsed for consideration by Cabinet at its special meeting on 14 February 2023; and
- (2) the Savings and Transformation Strategy be updated to reflect the latest projected funding gap as part of the budget setting process.

***Referred to Cabinet**