

Part A

**Report to:** Finance Scrutiny Committee

**Date of meeting:** Wednesday, 14 September 2022

**Report author:** Hannah Doney, Head of Finance

**Title:** Budget Planning Framework

## 1.0 Summary

1.1 This report sets out the Budget Planning Framework that will enable to Council to set a balanced budget for 2023/24, and three year Medium Term Financial Strategy (MTFS) and Capital Investment Strategy to 2025/26.

1.2 The budget and MTFS will support the delivery of the Council's Council Plan 2022-26 and Delivery Plan 2022-24

## 2.0 Risks

<b>Nature of Risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> <i>(tolerate, treat, terminate, transfer)</i>	<b>Risk Rating</b> <i>(combination of likelihood and impact)</i>
Failure to agree the Council Plan and Service Plans for implementation from 1 April 2023 and failure to meet statutory deadline for setting a legal budget	The Council does not have a Council Plan for 2023/24 and does not legally set a budget	Revert to previous Council Plan and MTFS	Treat	4

## 3.0 Recommendations

3.1 To consider and note the 2022/23 Service and Budget Planning Framework and outline timetable at Appendix 1.

**Further information:**

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**Report approved by:** Alison Scott – Director of Finance

## 4.0 Detailed proposal

4.1 Each year the Council is required to set a realistic, achievable in-year budget and indicative budgets for the following two years. Overall responsibility for the budget setting process is the responsibility of the Shared Director of Finance.

4.2 The budget reflects the alignment of resource to delivery of the commitments contained within the Council Plan, ensuring our limited resources are directed to areas most important to our residents, community, businesses and staff.

## 4.3 Council Plan

4.3.1 On 19 July 2022, Council adopted the new Council Plan 2022-26 and Delivery Plan 2022-24.

4.3.2 The refreshed Council Plan, which covers the period 2022–2026, is designed to be strategic, high level and outward-facing, with an emphasis on outcome focused commitments. It describes to the workforce, our community and our partners how we see the council and the town progressing by resetting our strategic themes, commitments and areas of activity.

4.3.3 The four Council Plan themes are:

- A council working for our community and serving our residents
- A greener, brighter future. It was the greenest plan the council had ever produced.
- An inspiring, thriving and creative town
- A diverse, happy and healthy town

4.3.4 The Delivery Plan 2022-24 sets out how the council will focus our work to bring the Council Plan to life, making sure we deliver what we said we would over the next two years. Under each theme and commitment, we set out our key priority areas of actions, which we are committed to achieving by 2024. Every activity will be assigned to a lead officer and aligned to a Portfolio Holder to enable regular updates on progress.

4.3.5 The Delivery Plan will be monitored and a report on progress will be reported to Cabinet quarterly, and Overview and Scrutiny Committee quarterly and, annually, we will prepare a report for residents, businesses and partners.

4.3.6 The actions in the Delivery Plan will be cascaded through service plans, team business plans through to individual objectives.

#### **4.4 Financial Plan – Revenue**

- 4.4.1 The Council prepares and monitors a rolling three-year Medium Term Financial Strategy (MTFS) consisting of a working budget for the current year and indicative budgets for the following years. This contains budget estimates calculated at a detailed level. The latest financial monitoring report (at end of June – Quarter 1) is elsewhere on this agenda.
- 4.4.2 Officers will convert the previous indicative budget for 2023/24 into a detailed plan. They will also add a ‘new’ third year indicative budget to complete the three-year plan for 2023/24 to 2025/26.
- 4.4.3 In creating the proposed indicative budget for 2023/24, Officers will review Fees and Charges and look for opportunities to increase income and reduce costs through achievement of efficiency savings.

#### **4.5 Assumptions in the current MTFS**

- 4.5.1 The existing MTFS for 2023/24 and 2024/25, agreed in January 2022, is based on the following assumptions:
- The Council Tax base increases by 0.5% each year
  - Council Tax is raised by 1.5% each year
  - A Contingency budget is created to provide for a 2% annual pay award
  - A cash freeze for supplies and services budgets unless there is a contractual agreement or there are known increases or unavoidable demographic pressures.
  - Fees and charges increase in line with inflation
- 4.5.2 These assumptions will be reviewed and updated during the Autumn with any changes incorporated into the proposed budget and MTFS.

#### **4.6 Capital Investment Programme**

- 4.6.1 The Financial Monitoring Reports to Cabinet provide the current position on progress against the 2022/23 capital investment programme and the resources available for future investment.
- 4.6.2 An option appraisal and affordability assessment will be undertaken on future capital investment schemes. Those schemes that are deemed to be as ‘invest to save’ or fully funded by grant income are likely to be regarded more favourably than those requiring growth in revenue expenditure either through increased service delivery costs or borrowing costs.

## 5.0 Implications

### 5.1 Financial

5.1.1 There are no changes to the budget already agreed by Members as a result of this report.

### 5.2 Legal Issues (Monitoring Officer)

5.2.1 The Council must set its budget before 11 March 2023 in accordance with Section 32 (10) of the Local Government Finance Act 1992.

5.2.2 The Council's Chief Financial Officer (Shared Director of Finance) has a statutory duty to report to the Council if it is likely to incur expenditure that is unlawful or likely to exceed its resources.

5.2.3 The Localism Act includes powers to allow local residents to veto through a referendum council tax rises that propose to exceed the limit imposed by Central Government.

### 5.3 Equalities, Human Rights and Data Protection

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected

5.3.2 Having had regard to the council's obligations under s149, it is considered that there are no equalities or Human Rights implications.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

### 5.4 Staffing

5.4.1 There are no staffing implications arising from this report.

### 5.5 Accommodation

5.5.1 There are no accommodation implications arising from this report.

## **5.6 Community Safety/Crime and Disorder**

5.6.1 There are no community safety/crime and disorder implications arising from this report.

## **5.7 Sustainability**

5.7.1 There are no sustainability implications arising from this report.

## **Appendices**

- Appendix 1 – Outline Timetable

## **Background papers**

- Council Plan 2022-26 and Delivery Plan 2022-24 to Council 17 July 2022

## Outline Timetable – Key Dates

<b>Date</b>	<b>Board / Committee</b>	<b>Activity</b>
Early December	Corporate Management Board	Consider and sign off proposed detailed revenue/capital estimates and fees & charges
Prior to Christmas break	Portfolio Holders	Agree revenue & capital estimates: fees & charges; use of reserves for sustainable budget
9 January 2023	Finance Scrutiny Committee	Finance Scrutiny Committee consider detailed revenue and capital estimates including growth/ savings; fees & charges; Government funding, available reserves & inviting the Finance scrutiny Committee's recommendation on Council Tax
<b>31 January 2023</b>	<b>Council</b>	<b>Council consider/approve Budgets and Council Tax</b>
22 February	Functions Committee	2023/24 Council Tax and precepts are approved