

Part A

Report to: Cabinet

Date of meeting: Monday, 16 January 2023

Report author: Head of Finance

Title: Financial Planning

1.0 Summary

1.1 The purpose of this report is to enable the Cabinet to consider service level expenditure, funding and council tax levels for the medium term 2023/24 to 2025/26, including the use of reserves. This budget is a component part of the 2023/24 Council Tax calculations.

1.2 The report sets out:

- the revenue budgets for the period 2023/24 to 2025/26 and a revised budget for 2021/22
- the capital programme for the period 2022/23 to 2025/26
- the Council's income charging policy (including the individual Service fees and charges)
- the Capital Strategy 2023/24

1.3 The Cabinet is recommended to agree the Council Tax Base to apply for 2023/24

1.4 The report includes advice from the Director of Finance on the adequacy of general reserves and balances in the context of the three year planning horizon 2023/24 to 2025/26.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
That Council does not agree the council tax base before the statutory date	The Council Tax Charge is not set	Revert to prior year's budget	Treat	1

That Cabinet does not recommend revenue and capital estimates for 2022/23 to Council	The Council does not legally set a budget	Revert to previous MTFS	Treat	1
That the Council will exceed its borrowing parameters	Breach of Treasury Management Policy (TMP)	Revision of TMP Prudential indicators	Treat	1
That the Council will be unable to service its annual borrowing costs	Budget Pressure	Provision in MTFS for anticipated borrowing	Tolerate	1
Investment with a counterparty that subsequently defaults	Recovery of principal will take longer	Invest in accordance with TMP	Tolerate	2
That the estimates used in the preparation of the report will not be sufficiently accurate.	Budget not correct	Mitigate through in year budget monitoring. Reset Budget at period 8	Treat	3
That the Council will not have adequate reserves to manage emerging risks.	Reserves diminish	General Fund Balance is £2.0m	Treat	3

3.0 Recommendations

That Cabinet:

- 3.1 Delegates to the Director of Finance in consultation with the Portfolio Holder for Resources the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting on 16 January 2023 and any minor variations that may occur before the Council meeting on 31 January 2023.

Recommends to Council that:

- 3.2 Council resolves in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2023/24 is 35,532.1 as outlined in the report.
- 3.3 Approves the continuation of the Local Council Tax Reduction Scheme for 2023/24.
- 3.4 Approves the budget (**Attachment 1**) as laid out in the report, including:
- the budget for 2023/24
 - the Capital Investment Programme 2022/23 to 2025/26
- 3.5 Approves the income charging policy and schedule of fees and charges effective from 1 April 2023 with the exception of charges for building control which are effective from 1 February 2023 (**Attachment 2a and Attachment 2b**).

- 3.6 Approves the Capital Strategy for 2023/24, and delegates to the Director of Finance in consultation with the Portfolio Holder Resources responsibility for agreeing and maintaining the Treasury Management Strategy Statement. (**Attachment 3**)
- 3.7 Agrees to increase the annual Council Tax for a Band D property 2023/24 by 2.99%. This will apply to all other bands.
- 3.8 Notes the key risks identified and approves their proposed mitigations.
- 3.9 Notes the advice provided by the Director of Finance on the robustness of estimates and the adequacy of reserves.
- 3.10 Notes the indicative budgets for 2024/25 and 2025/26.

Further information:

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Report approved by: Alison Scott, Shared Director of Finance

4.0 Consultation

- 4.1 The Finance Scrutiny Committee have been fully engaged through this process and feedback from its meeting will be circulated prior to the Cabinet meeting.
- 4.2 As part of the statutory consultation with business ratepayers, copies of this report have been sent to the Watford BID, the Watford Chamber of Commerce and the borough's Local Strategic Partnership-One Watford. Any feedback will be reported at the meeting.

Implications

5.1 Financial

- 5.1.1 These are covered within the main body of the Budget Setting Report (**Attachment 1**).
- 5.1.2 The budget set out in Attachment 1 does not incorporate any assumptions about future savings arising from potential shared service arrangements considered elsewhere on the Cabinet agenda.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 In the Constitution it is Council who is required to set the budget, which includes the Council Tax Base and setting the level of Council Tax. Cabinet therefore must forward

its recommendations on the budget to Council. The Constitution also requires that any recommendation from Cabinet to Council regarding the budget must be submitted before the 8 February in the preceding financial year to enable the Mayor to have the opportunity to call in any decision of Council on the budget. The Council is required by the Local Government Finance Act 1992 to set its council tax requirement by 11 March 2023. The Local Council Tax Reduction Scheme has to be approved by Council by 31 January each year for the next financial year.

5.2.2 It is a statutory requirement that the Capital Strategy and the Treasury Management Policy are reviewed annually. The report meets the requirement of CIPFA's Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities and complies with the Local Government Act 2003.

5.2.3 It is a statutory requirement that the Chief Financial Officers provides a report under Section 25 of the Local Government Act 2003 on the robustness of estimates used in the budget and the sufficiency of the Council's reserves. This is included in the report.

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 characteristics and persons who do not share them.

5.3.2 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.

5.3.3 This report provides an over view of Budget proposals and equalities issues will need to be specifically considered before any changes to existing service levels are introduced.

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.

Attachments:	1.	Budget Setting Report
	2a.	Income Charging Policy
	2b.	Schedule of Fees and Charges
	3.	Capital Strategy (Including the Treasury Management Policy, Minimum Revenue Provision Policy and Prudential Indicators)

Background papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Financial Planning (MTFS 2022/23 to 2024/25) Council 25 January 2022

Financial Outturn 2021/22 (July 2022)

Financial Monitoring Report 2022/23 (Q1, Q2 & Period 8)