

Budget Setting 2022/23 Overview

Overview & Scrutiny Tuesday 9 November 2021

Key areas

- Overview of Process of Budget Setting
- Formal decisions – Council Tax setting
- Role of Scrutiny in budget setting
- Consultation

Terms of Reference – O&S

- To review and scrutinise the executive's decisions, including prior scrutiny of proposed executive decisions and decisions made by committees and officers.
- To contribute to the development of the Budget and other financial strategies, and review the performance of the executive against the Budget and other financial targets.

Context

- General Fund Gross Annual Revenue Spend £96 million
- General Fund Gross Annual Income £88 million
- Band D Council Tax - £273.72 (excluding Towns and Parishes but including the Special Expense)
- Number of Council Tax Bills sent out – 52,233
- Number Business Rates Bills sent out – 3,966

Context

- HRA (Housing Revenue Account):
 - Gross Annual Revenue Spend - £13 million (before contribution to capital)
 - Gross Annual Income - £15.8 million
- Capital Programme to 2025/26: £148 million
- Budget lines circa 4,000-5,000

General Fund Revenue Budget

Funded by:

- Council Tax – decided by Council but limited by central government
- Business Rates
- Government Grant
- Other income (e.g. Fees and charges, investment income)

Medium Term Financial Strategy

- Key financial planning document
- Financial Perspective to Corporate Plan priorities, key aims & objectives
- Considers the coming four financial years
- Projects cumulative funding gap
- Projects high level anticipated deficit for coming financial year
- Considers external economic and funding picture
- Identifies risks and plans to address the gaps in funding

Spending Review – *October*

- Central Government outlining their future spending plans for the public sector (2022/23 – 2024/25)
- Key measures announced in the Spending Review for local government included:
 - Council tax thresholds will remain at similar levels to recent years, with the threshold for “core” council tax increases remaining at 1.99% (and the adult social care precept by a further 1%)
 - Local government in England will receive an additional £4.8bn increase in grant funding over the next 3 years (£1.6bn in each year).
 - There were various smaller allocations within the core funding announcement, including £200m for the “cross-government Supporting Families programme”, £37.8m for cyber security, and £34.5m to “strengthen local delivery and transparency”.

There were no announcements about local government funding reforms (Fair Funding Review or business rates changes)

Budget Strategy - *December*

- Aligned to direction & objectives of MTFS
- Outlines path to balanced budget for coming financial year
 - Budget Growth
 - Savings & Efficiencies
 - Emerging Issues e.g. legislation
- Provides a revised deficit position following officer work
- Annual Fees and Charges Review
- Will be considered on 7 December by O&S

Setting the detailed Budget - *January*

- Detailed GF Revenue & HRA Budget considered in January
(HoS attend meeting for deeper dive scrutiny)
- Local Government Finance Settlement
 - Provisional position Pre-Christmas
 - Outcome reported in February
 - Referendum limits, grant funding, reliefs for NNDR etc

Reserves

- Total Reserves £17.8 million (projected March '22)
- Earmarked reserves £14.0 million
- Climate Change (£4.6m), New Homes Bonus (£2m), BR (£1.9m)
- General Reserve - £3.8 million

What is the “right” level of reserves?

- No statutory minimum, Council sets own policy GF £1.5m
- Important for future pressures or cushion for unexpected events
- Maintain working capital requirements
- Long term planning and sustainability, earmark for plans

Council Tax setting - *February*

- Local Government Finance Act 1992
 - Requirement for Council Tax
 - Council Tax base (taxable capacity of the district)
- Legal duty to set balanced budget
- LG Act 2003 CFO must advise the council about the robustness of budget estimates & adequacy of reserves
- Billing

Role of scrutiny & input to budget

- “Contribute to the development of the budget”
- Budget Strategy December 2021
- Targeted approach needed for the detail
- Finance & Performance Sub-committee January 2021
- Group discussions

Consultation

- Questionnaire online for public contributions, promoted on social media channels
- Business Advisory Group
- Joint Parish Council Committee
- Responses
 - 19/20 Budget - no feedback
 - 20/21 Budget – 3 individual pieces of feedback
 - 21/22 Budget – 4 individual pieces of feedback plus one from business community
- Ideas?

Questions?

