

Divisions Affected – All

Performance & Corporate Services Overview and Scrutiny Committee

9 December 2022

Budget Proposals 2023/24 to 2025/26

Report by the Director of Finance and Corporate Director for Customers, Organisational Development and Resources

RECOMMENDATION

1. The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:
 - Revenue budget proposals for 2023/24 to 2025/26 by directorate
 - Proposed changes to fees and charges
 - High priority capital schemes subject to business cases

Executive Summary

2. This report sets out budget proposals for the period 2023/24 to 2025/26, which are included in the 2023/24 budget consultation. It provides the opportunity for the Performance and Corporate Services Overview and Scrutiny Committee to comment on these.
3. The following annexes are attached to this report:
 - Revenue expenditure
 - Annex 1a – planned revenue budget changes agreed in February 2022
 - Annex 1b – new revenue budget proposals
 - Annex 1c – new COVID-19 pressures
 - Annex 1d – indicative directorate budgets for 2023/24 by service area
 - Annex 2 – Budget engagement: feedback from residents' survey
 - Annex 3 – Proposed changes to fees and charges
 - Capital expenditure:
 - Annex 4a – Capital Prioritisation Framework

- Annex 4b – High priority capital schemes to which indicative funding is proposed to be allocated
- Annex 4c – capital schemes proposed to be added to the pipeline
- Annex 5a – Overarching Equality Impact Assessment
- Annex 5b – Overarching Climate Impact Assessment

Background

4. Oxfordshire County Council provides 80% of local government services in Oxfordshire based on expenditure, including adult and children's social care, some education services, fire and rescue, libraries and museums, roads, trading standards, waste disposal and recycling.
5. The [strategic plan 2022 - 2025 \(pdf format, 3.6Mb\)](#) sets out the council's vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county. To do that the council will:
 1. Put action to address the climate emergency at the heart of our work.
 2. Tackle inequalities in Oxfordshire.
 3. Prioritise the health and wellbeing of residents.
 4. Support carers and the social care system.
 5. Invest in an inclusive, integrated and sustainable transport network.
 6. Preserve and improve access to nature and green spaces.
 7. Create opportunities for children and young people to reach their full potential.
 8. Play our part in a vibrant and participatory local democracy.
 9. Work with local businesses and partners for environmental, economic and social benefit.
6. The budget and Medium Term Financial Strategy (MTFS) support the strategic plan and are reviewed and updated each year through the budget & business planning process. Through this process the council is required to set a balanced budget for the coming year so that forecast expenditure is aligned with forecast income.

Introduction

7. The Budget and Business Planning report to Cabinet on 18 October 2022 set out background to the council's existing Medium Term Financial Strategy (MTFS) as well as a proposing the Budget and Business Planning process which will continue through the winter. The report, which is available on the Cabinet agenda through the following link to the meeting, [Agenda for Cabinet on Tuesday, 18 October 2022, 2.00 pm \(www.oxfordshire.gov.uk\)](#), included on-going budget changes already agreed for 2023/24 – 2025/26 as well as the funding and other assumptions behind the existing plans. It also included information about how the council is seeking feedback through budget engagement and consultation.

8. The national Autumn Budget and Spending Review, published on 27 October 2021, provided information about national funding levels for 2022/23 – 2024/25. The Chancellor's Autumn Statement on 17 November 2022 is expected to include economic forecasts from the Office for Budget Responsibility and set out the UK's medium term spending plans. An addendum setting out any implications for the council that will need to be considered later in the Budget & Business Planning process will be published before the scrutiny meeting on 9 December 2022.
9. It is anticipated that the Government will announce individual local authority funding allocations in late December 2022 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in early February 2023. The updated funding position and any changes to the proposals will be shared with Performance and Corporate Services Overview and Scrutiny Committee in January 2023.
10. This report provides an updated funding position based on the information known at this stage as well as setting out pressures arising as a result of inflation and increased demand and proposed savings to meet those.
11. The public consultation on the 2023/24 budget proposals will be launched on 18 November 2022 and will run until 19 December 2022 on the council's digital consultation and engagement platform, Let's talk Oxfordshire, at oxfordshire.gov.uk/budgetconsultation.
12. Performance and Corporate Services Overview and Scrutiny Committee is invited to consider and comment on the revenue and capital budget proposals for 2023/24 – 2025/26 and the proposed changes to fees and charges.
13. The Committee's comments will be included in the Budget and Business Planning report to Cabinet on 24 January 2023, along with the outcome of the public consultation and engagement. This feedback will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2023/24 and Medium Term Financial Strategy (MTFS) to 2025/26. In determining the final budget proposals to be included in the proposed budget for 2023/24 Cabinet will also consider the outcome of the Provisional Local Government Finance Settlement and other resources available through Council Tax and Business Rates.

Budget engagement and consultation

14. This year, the council's engagement and consultation on the budget has four distinct phases, putting residents' views at the heart of the council's budget and business planning from the start to the finish.
 - Phase 1: Maximising the use of existing feedback
 - Phase 2: Representative residents' survey
 - Phase 3: Oxfordshire conversation events
 - Phase 4: Public consultation on the substance of the 2023/24 budget (18 November 2022 to 19 December 2022)

15. In addition to these external events, a briefing on the 2021/22 year end financial position and budgets for 2022/23 was shared with Performance and Corporate Services Overview and Scrutiny Committee in July 2022. Following that a series of director led briefings in October 2022 covered the background to each directorate, budgets and how the relevant services contribute to the council's vision and priorities.
16. A summary of the budget findings from the representative residents' survey (phase 2 of the budget engagement activity) is provided in Annex 2.
17. For phase 3, between 18 and 21 October 2022, the council held three online Oxfordshire Conversation events to engage with residents, share emerging budget challenges and to give them the chance to ask cabinet members questions about issues that matter to them. An in-person sounding board with children and young people, incorporating an Oxfordshire Conversation, was also held on 15 October 2022. These four events replaced a much fuller programme of in-person and online meetings, which were cancelled following the death of Her Majesty the Queen.
18. Overall, 194 people signed-up to attend the Oxfordshire Conversation events with 122 of these attending. Nearly 100 questions were submitted in advance, with more posed on the day. Highways, travel and transport matters (speed limits, bus services, cycle provision, traffic filters etc) were by far the dominant themes for discussion although a range of other topics were raised.
19. Twenty-eight children and young people attended the sounding board. Travel and transport, home education, support for neurodiversity and youth service were key themes.
20. Feedback from the Oxfordshire Conversations is being collated into a report to help inform the ongoing budget and business planning process. It will also be considered by the council's Cabinet on 24 January 2023 together with findings from the residents' survey on the budget and council's strategic priorities and the outcomes of this year's budget consultation. This collective feedback will help inform the decision-making process for the budget.

Current Medium Term Financial Strategy 2022/23 to 2025/26

Planned changes to directorate budgets

21. The budget supports a range of service provision which contributes to the council's vision and nine priorities. Further information about the services within each directorate is available in [Annex 1a to the Budget & Business Planning Report to Cabinet on 18 October 2022](#). Most of these services, which are grouped and managed within the council's five directorates, continue from one year to the next. Because of this, the first step in building the budget for 2023/24 is to roll forward 2022/23 budgets. This starting point is then adjusted for changes built into the MTFs agreed in February 2022.

22. The net council funded budget for each directorate and changes that are already planned to create the budget for 2023/24 based in on the current MTFS agreed in February 2022 are summarised in the table below. New changes agreed as part of the 2023/24 Budget & Business Planning Process will be added to this starting point.

Table 1:

	Starting Budget Rolled Forward from 2022/23 ¹	Add Planned Changes in current MTFS	Indicative Budget 2023/24	Change in Budget
	£m	£m	£m	%
Adult Services	213.6	9.7	223.3	4.5%
Children's Services	152.3	5.0	157.3	3.3%
Environment & Place	64.2	1.3	65.5	2.0%
Public Health & Community Safety	28.1	0.3	28.4	1.1%
Customers, Culture and Corporate Services ²	64.1	0.9	65.0	1.4%
Directorate Total	522.3	17.2	539.5	3.3%

23. After taking account of planned budget increases and changes to savings, the current MTFS includes net new funding for directorates totalling £17.2m in 2023/24. This includes £13.8m for demography for adult and children's social care and increases in waste tonnages, reflecting anticipated population and housing growth, plus £3.4m for inflation and changes to other directorate expenditure pressures and new investments.

Planned Council Tax Increases

24. The Government's Spending Review 2021 set out that the council tax referendum limit was expected to remain at 2.0% throughout the three-year Spending Review period to 2024/25. It also set out that local authorities could meet pressures in adult social care by raising council tax by up to an additional 1.0% per annum through an additional precept in 2022/23, 2023/24 and 2024/25.
25. The current plan assumes core council tax increases of 1.99% each year plus a further 1.00% adult social care precept in each of 2023/24 and 2024/25.

¹ Following the agreement of the 2022/23 pay award in November 2022 on-going funding from contingency will be allocated to directorates to meet the on-going cost. Estimates for the amounts to be added are included here but will be confirmed in the Business Management & Monitoring Report to Cabinet in December 2022.

² This division brings together the services under the responsibility of the Corporate Director of Customers, Organisational Development and Resources, the Director of Finance and the Director of Law and Governance

	2023/24	2024/25	2025/26
	£m	£m	£m
Core Council Tax Increase	1.99%	1.99%	1.99%
Adult Social Care Precept - Spending Review 2021	1.00%	1.00%	
Total Council Tax Increase %	2.99%	2.99%	1.99%

26. The county council's share of council tax for a Band D property (the average council tax band) in 2022/23 was £1,651.61 per year (£31.76 per week). An increase of 2.99 per cent is equal to an additional £49.38 per year or £0.95 per week in council tax on a Band D property.
27. If the government allowed local authorities to raise higher council tax levels to help support essential service delivery, an increase of 4.99%, for example, would be equal to an additional £82.42 per year or £1.58 per week and would generate around £9m of additional on-going funding for the council's services. Any increase sits within the context of inflation, which was 11.1% in the year to October 2022. If council tax rises by 4.99% and inflation is 11.1%, and no additional grant is provided by Government, then the Council will have to find savings equivalent to the difference (6.11%) to balance the budget.

General funding & local government funding reforms

28. In addition to Council tax, the Council receives general funding from business rates based on the Government's assessment of need. This is known as the Settlement Funding Assessment (SFA). Local authorities have also been able to retain the growth in business rates from a baseline of April 2013 up until the point of a business rates reset which was originally planned for April 2020. The reset was delayed firstly to April 2021 and then to April 2022. The reset was due to coincide with the implementation of a new funding formula, the Fairer Funding Review.
29. In October 2022, the government confirmed that there will no Fair Funding Review during the current Spending Review period which covers 2023/24 and 2024/25. This means the existing budget shortfall of £5.3m in the existing MTFs for 2023/24 will be removed and the overall position is balanced before taking account of new inflationary and other pressures or any other funding changes considered as part of the Budget & Business Planning process for 2023/24.

New Budget Proposals 2023/24 - 2025/26

Proposed Budget Increases

30. The financial position for the council and the overall economic landscape looks much more challenging and uncertain than when the budget was set in February 2022. Issues and volatility in the wider economy, including the on-going impact of inflation which increased by 11.1% in the year to October 2022, workforce shortages and supply side issues mean that similar to local

households the council needs to pay more to maintain the same level of service provision.

31. Inflation, including the impact of the proposed increase in the National Living Wage from April 2023 that was consulted on earlier in the summer, as well as increases in utility and fuel costs, is currently estimated to increase the council's costs by around £27.1m in 2023/24.
32. The council is also estimating around £16.7m of other demand-led pressures, which include the growing nationwide costs of supporting children and young people; the rising cost of social care and care placements for both children and adults; and a national shortage of social care workers leading to a reliance on agency staff and higher costs. The recent Census also confirms Oxfordshire has a growing and ageing population, which will continue to increase demand on services.
33. To help manage the impact of financial risk in the proposed budget and MTFs, a corporate contingency is held. Most of the existing contingency budget will need to be used to meet the cost of the on-going impact of the 2022/23 pay award. The level of contingency for 2023/24 will need to be considered further as part of the Budget & Business Planning process but at this stage it is proposed that additional on-going budget of £6m should be added to contingency in 2023/24 to reflect on-going risks and volatility in costs and demand pressures.
34. The detailed changes making up the proposed increases for each directorate plus the proposed increase to contingency are shown in Annex 1b and summarised in Table 2.

Table 2:

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	15.5	6.0	2.5	24.0
Children's Services	10.6	1.5	0.6	12.7
Environment & Place	3.7	0.8	0.8	5.3
Public Health & Community Safety	0.0	0.0	0.0	0.0
Customers, Culture and Corporate Services	4.6	0.4	-0.1	4.9
Corporate Changes ³	3.2	0.7	0.7	4.6
Corporate Contingency	6.0	0.0	0.0	6.0
Total	43.7	9.4	4.5	57.6

³ Corporate changes in both Tables 2 & 3 impact on all directorates and will be allocated later in the Budget and Business Planning process or during 2023/24.

Proposals for new budget reductions

35. Budget reductions of £35.0m are proposed for 2023/24. The detailed proposals for each directorate as well as changes to budgets held centrally are set out in Annex 1b and summarised in Table 3.

Table 3:

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	-17.5	-0.6	-0.6	-18.7
Children's Services	-3.3	0.6	0.1	-2.6
Environment & Place	-4.8	0.2	-0.2	-4.8
Public Health & Community Safety	-1.0	1.0	0.0	0.0
Customers, Culture and Corporate Services	-2.7	0.8	0.0	-1.8
Corporate Changes	-4.5	-2.5	0.0	-7.0
Capital Financing Costs	-1.2	0.0	0.0	-1.2
Total	-35.0	-0.5	-0.6	-36.1

36. The proposals include a revenue saving of £1.2m relating to the release of £20m of the £90m prudential borrowing for capital schemes agreed as part of the 2022/23 budget. The reinstatement of this funding to support future capital priorities will need to be considered through future Budget & Business Planning processes.
37. The Council is required by law to set a balanced budget each year. Based on the proposed budget increases and proposed budget reductions in Tables 2 and 3, there is currently a shortfall of £8.7m. This will need to be addressed as part of the budget which Cabinet will propose in January 2023, taking account of updated information on Government funding to local authorities (paragraph 9).

COVID-19 Pressures & Funding

38. As part of the current MTFs, £20.1m of the funding held in the COVID-19 reserve at the end of 2021/22 is planned to be used to meet short term pressures from 2022/23 to 2025/26.
39. Of the remaining £5.1m balance held in the reserve, £0.7m is proposed to be used to meet pressures in Children's Services and Customers, Culture and Corporate Services in 2023/24, with a further £0.6m proposed to be used to meet on-going costs in 2024/25 and 2025/26 (see Annex 1c).

Other Risks and Issues

40. The statutory over-ride that requires overspends against Dedicated Schools Grant funding for High Needs to be held in an unusable reserve will come to an end on 31 March 2023. Further guidance on the arrangements from 1 April

2023 is awaited. DSG deficits cannot currently be met from general council funding without permission from the Secretary of State. However, the accumulated deficit, which is estimated to be £47.3m by 31 March 2023 as well as the on-going annual deficit, is a significant financial risk irrespective of the future arrangements for the statutory override. This will need to be taken into account in the assessment of the overall financial position for the council, including the adequacy of reserves and balances for 2023/24, that is required to be set out in the statutory Section 25 report by the Director of Finance.

41. Based on funding information for Adult Social Care Trailblazer councils published by the Department of Health & Social Care, compared to the assessment of potential costs published by the County Councils Network and Newton Europe in May 2022, it is anticipated that the cost of the reforms could exceed the funding by £4m - £6m in 2023/24, however there is still significant uncertainty about both the funding and costs. The Chancellor's Autumn Statement may also provide an update on the implementation of the reforms.
42. Information about future funding for the cost of the reforms is currently expected to be announced in late January 2023. The on-going uncertainties about the impact of the Fair Cost of Care exercise and implementation of the reforms more generally mean the timing of this information could impact on the ability to confirm the robustness of the proposed budget required as part of the statutory Section 25 report which is required to be considered when Council sets the budget in February 2023.

Updated Position for 2023/24 compared to current Medium Term Financial Strategy

43. Table 4 sets out the revised position for 2023/24 compared to the current plan. There is currently a deficit of £8.7m which will need to be addressed before Council sets the budget in February 2023. The first column of Table 4 shows the budget for 2023/24 assumed in the MTFS agreed by Council in February 2022. The second column then shows the estimated impact of the delay to the changes to Business Rates and Fair Funding Review. The third column shows the impact of the proposals set out in this report.

Table 4: Revised MTFS 2023/24

	2023/24 Budget Current MTFS £m	Funding Assumptions £m	New Budget Increases and Savings £m	2023/24 Budget Updated £m
Funding:				
Council Tax	456.7			456.7
Council Tax Collection Fund	4.0			4.0
Business Rates	76.5	5.3		81.8
Total Funding	537.2	5.3	0.0	542.5

Table 4 continued	2023/24 Budget Current MTFS £m	Funding Assumptions £m	New Budget Increases and Savings £m	2023/24 Budget Updated £m
Net operating budget 2022/23	520.4			520.4
Directorate Budget Changes				
Existing planned changes	17.2			17.2
New budget increases			37.7	37.7
New COVID-19 pressures			0.7	0.7
New savings			-33.8	-33.8
Subtotal Directorate Changes	17.2	0.0	4.6	21.8
Budgets held centrally	5.0 ⁴		4.1 ⁵	9.1
Net Operating Budget 2023/24	524.5		8.7	551.2
Total Funding	537.2	5.3	0.0	542.5
Budget Deficit	5.3	0.0	8.7	8.7

44. Table 5 shows the impact of the proposed changes for each directorate and for budgets held centrally. The table shows that the funding for Adult Services will increase by 3.6%, Children's Services by 8.3%, Environment & Place by 0.4% and Customers, Culture & Corporate Services by 5.0% compared to 2022/23 budgets. The budget for Public Health & Community Safety will reduce by 2.3% after taking account of one – off savings in 2023/24. Annex 1d shows the indicative budget for the service areas within each directorate. Further detail and the updated position for each directorate will be set out in the reports to Performance and Corporate Services Overview and Scrutiny Committee and Cabinet in January 2022.

⁴ Planned corporate changes include updates to capital financing costs and interest on balances (+£1.2m), the expected removal of the Services Grant and funding from the New Homes Bonus (+£7.9m), the removal of a one – off contribution to the Budget Priorities Reserve (-£7.7m) in 2022/23 and other changes to budgeted contributions to/from reserves (+£3.6m).

⁵ Comprises £6.0m addition to contingency, less reduction in borrowing costs (£1.2m) and additional contribution of -£0.7m from the COVID-19 reserve.

Table 5: Proposed changes for each directorate and budgets held centrally

	Starting Budget Rolled Forward from 2022/23	Add changes in current MTFS	Add new budget increases including new COVID-19 funding	Less new savings	2023/24 Budget	Cash Change in Budget	Real Terms Change in Budget ⁶
	£000	£000	£000	£000	£000	%	%
Adult Services	213.6	9.7	15.5	-17.5	221.3	3.6	-7.5
Children's Services	152.3	5.0	10.9	-3.3	164.9	8.3	-2.8
Environment & Place	64.2	1.3	3.8	-4.8	64.5	0.4	-10.6
Public Health & Community Safety	28.1	0.3	0.0	-1.0	27.5	-2.3	-13.4
Customers, Culture & Corporate Services	64.1	0.9	5.0	-2.7	67.3	5.0	-6.1
Corporate Changes to allocate	0.0	0.0	3.2	-4.5	-1.3		
Directorate Total	522.3	17.2	38.4	-33.8	544.2	4.2	-6.9
Budgets Held Centrally							
Capital Financing Costs	26.1	2.1			28.2		
Interest on Balances	-13.0	-1.1			-14.1		
Contingency	1.3		6.0		7.3		
Un-ringfenced Specific Grants	-33.6	7.9			-25.7		
Insurance	1.4				1.4		
Contribution from COVID-19 Reserve	-8.4	2.1	-0.7		-7.0		
Budgeted contributions to reserves	24.2	-6.1		-1.2	16.9		
Total Budgets Held Centrally	-2.0	4.9	5.3	-1.2	7.0		
Subtotal	520.3	22.1	43.7	-35.0	551.2		
Budgeted shortfall		-5.3			0.0		
Net Operating Budget	520.3	16.8	43.7	-35.0	551.2	5.9	-5.2

45. Further certainty about funding for 2023/24 and beyond is needed to be able to assess the overall position from 2024/25 onwards. An update on the medium term position will be included in the reports to Performance and Corporate Services Scrutiny Committee and Cabinet in January 2023 following the Provisional Local Government Settlement expected in late December 2022.

46. Outstanding information which is required as part of the Budget & Business Planning process is set out at paragraph 59. Changes to budget proposals arising from the consultation plus any further updates to pressures arising from the forecast position for 2022/23 or other inflationary changes as well as the

⁶ Assuming inflation of 11.1%

assessed level of reserves and balances will need to be considered and taken into account in the final budget proposed by Cabinet in January 2023.

Review of Charges

47. The council charges for services whenever it is lawful for it to do so. Income from fees and charges, which contributes to the overall funding for the council is estimated at £58.4m or 8% of the council's funding in 2022/23.
48. All services must consider, as part of the annual budget and business planning process, the activities which make up the delivery of each service and assess which of them may be made the subject of a charge.
49. Charges that are specified nationally or are statutory will be updated in line with national guidance. Charges for adult social care will continue to be assessed as in line with the [Care Act 2014 and the council's charging policy](#). Other charges are proposed to increase in line with inflation which was 10.1% in September 2022 when this exercise was undertaken. Where charges relate to the council priorities, the proposed change has been considered in that context.
50. All of the charges and proposed changes are listed in detail in Annex 3. Updates include the following:
 - The cost of school meals is proposed to remain unchanged at £2.34 per meal in 2023/24.
 - Contributions to Home to School Transport for Pre & Post 16 pupils: 10% increase proposed but this may be revised as part of the Spare Seat Scheme review – consultation to follow.
 - Parking charges at the council's park and ride car parks proposed to remain unchanged.
 - Charges for on – street parking proposed to increase by 10%
 - Charges for parking permits increased by a mix of 8%-10%
51. The final Review of Charges for 2023/24 will be considered and agreed by Cabinet on 24 January 2023.

Capital & Investment Strategy

52. Capital expenditure obtains or improves buildings, vehicles, equipment or other assets owned by the council. The capital programme shows how the Council will use capital expenditure to support the delivery of its priorities.
53. Council is required to approve the capital and investment strategy annually to demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. The capital and investment strategy incorporates the treasury management strategy and is supplemented by the council's property strategy and highways asset management plan.

54. The availability of workforce and materials and inflationary increases in contract prices are increasing the risk to the deliverability and cost of capital schemes. This is expected to continue to place further demands on resources and therefore place additional challenges on our ability to meet the Council's ambitions, expected outcomes and benefits.
55. To help address this, a fundamental review of the current capital programme has been undertaken, prioritising the schemes and initiatives using the prioritisation framework included at Annex 4a. This has been used to review schemes to avoid future overspends while still delivering major projects for the benefit of Oxfordshire communities within the footprint of the finances available.
56. Changes impacting on 2022/23 were approved through the Capital Monitoring Report to Cabinet on 18 October 2022.
57. Funding for 2023/24 onwards released through the prioritisation process totals £26.2m. Indicative proposals to utilise that funding are summarised in Table 6. A further £3.0m relating to climate change priorities is proposed to be funded from reserves.

Table 6:

Prioritisation Category	OCC Funding (*)	Self – Financing (*)
1: Statutory health & safety & school placements	£15.3m	
2: Generate revenue savings or cost avoidance/reduction	£11.2m – £12.2m	£11m
3: Climate action or active travel	£3.0m	up to £19.6m
Total Council Funding Required	up to £30.5m	up to £30.6m

(*) estimates subject to business cases.

58. Annex 4b sets out high priority capital schemes to which indicative funding is proposed to be allocated. Annex 4c lists schemes to be added to the pipeline pending future funding. In accordance with the council's capital governance arrangements all schemes, including those assessed as high priority, will need an approved business case before they are added to the firm programme.

Outstanding Information

59. A number of pieces of information yet to be received will have an impact on the proposed budget for 2023/24 and MTFS. These include:
- The provisional and final Local Government Finance Settlement for 2023/24
 - Updates on the implementation of adult social care reform with funding currently expected to be announced in late January 2023.
 - Updates on the council tax base for 2023/24 and surpluses on council tax collection funds, expected to be received from the City and District Councils in December 2022 and January 2023 respectively.

- Final notification of Business Rates for 2023/24 which will not be received from the City and District Councils until 31 January 2023.
 - The outcome of the public consultation running from 18 November 2022 to 19 December 2022.
60. Changes arising from these updates will need to be addressed as part of the proposed budget which will be presented to Cabinet on 24 January 2023.

Business and Budget Planning Process

61. Updates to funding and any changes to proposals known by the end of December 2022 will be published on 11 January 2023 and considered by Performance and Corporate Services Overview and Scrutiny Committee on 19 January 2023 so feedback can be considered by Cabinet ahead of their meeting on 24 January 2024.
62. Cabinet will propose their budget on 24 January 2023 taking into account comments from Performance and Corporate Services Overview and Scrutiny Committee in December 2022 as well as feedback from the public consultation. The report to cabinet in January will include:
- Council tax and precept calculations
 - Draft budget for 2023/24
 - Draft MTFS to 2025/26 (incorporating proposed changes following consultation)
 - Review of charges for 2023/24
 - Capital and Investment Strategy incorporating the Property Investment Strategy and Treasury Management Strategy
 - Capital proposals and draft ten-year Capital Programme
 - Earmarked Reserves and General Balances Policy
 - Financial Strategy (including Financial Management Code self-assessment)
63. Council will meet to agree the Revenue Budget 2023/24; Capital Programme 2022/23 - 2032/33; MTFS 2023/24 - 2025/26 on 14 February 2023. Any further changes to the budget proposed by Cabinet at their meeting on 24 January 2023 needed as a result of funding changes notified in late January 2023 or feedback from scrutiny will be incorporated into the final budget agreed by Council.

Risk Management

64. The statutory report of the Chief Financial Officer required under Section 25 of the Local Government Act 2002, which forms part of the suite of papers considered by Council in setting the budget each February, includes a section assessing the key financial risks.

65. This report sets out some significant risks and uncertainties for 2023/24 and the medium term but these are continuing to be assessed through the Budget and Business Planning process. An assessment of the impact will be provided as information and updates become available.
66. In addition to corporate contingency and the increase noted in paragraph 33, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. The level of balances held is monitored through the Business Management & Monitoring Reports throughout the year and subject to an annual risk assessment undertaken as part of the budget setting process.

Equality & Inclusion and Sustainability Implications

67. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'
68. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with the council's framework "Including Everyone".
69. "Including Everyone" sets out how the council goes further than the protected characteristics in the Equality Act by also considering the impact our decisions might have on people living with social deprivation, rural communities, those leaving care, carers and those in our armed forces community.
70. The Climate Action Framework sets the council's commitment to tackling the climate emergency which is underpinned by the Council's priority to put action to address the climate emergency at the heart of our work.
71. Overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the revenue budget proposals, are included at Annex 5a and 5b.
72. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

Financial implications

73. The Council is required by law to set a balanced budget for 2023/24 before 1 March 2023. Alongside this, there is a requirement under Section 25 of the Local Government Finance Act 2003 for the Chief Finance Officer to prepare a statement on the robustness of the budget estimates and the adequacy of reserves. This report is part of the process to achieve these objectives.

Comments checked by:
Lorna Baxter, Director of Finance

Legal implications

74. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the previous and future reports up to January 2023, will lead to the council tax requirement being agreed in February 2023, together with a budget for 2023/24, medium term financial strategy covering the period to 2025/26, and ten - year capital programme.
75. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by:

Anita Bradley

Director of Law & Governance and Monitoring Officer

Lorna Baxter, Director of Finance

Claire Taylor, Corporate Director of Customers, Organisational Development and Resources

Annexes:

Revenue expenditure

- Annex 1a – planned revenue budget changes agreed in February 2022
- Annex 1b – new revenue budget proposals
- Annex 1c – new COVID-19 pressures
- Annex 1d – indicative directorate budgets for 2023/24 by service area
- Annex 2 – Budget engagement: feedback from residents' survey
- Annex 3 – Proposed changes to fees and charges

Capital expenditure:

- Annex 4a – Capital Prioritisation Framework
- Annex 4b – High priority capital schemes to which indicative funding is proposed to be allocated
- Annex 4c – capital schemes proposed to be added to the pipeline
- Annex 5a – Overarching Equality Impact Assessment
- Annex 5b – Overarching Climate Impact Assessment

Contact Officers:

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November 2022