

2022-23 Budget: Select Committee strategic and financial planning 2022-23

Cllr Andrew Jamieson, Cabinet Member for Finance

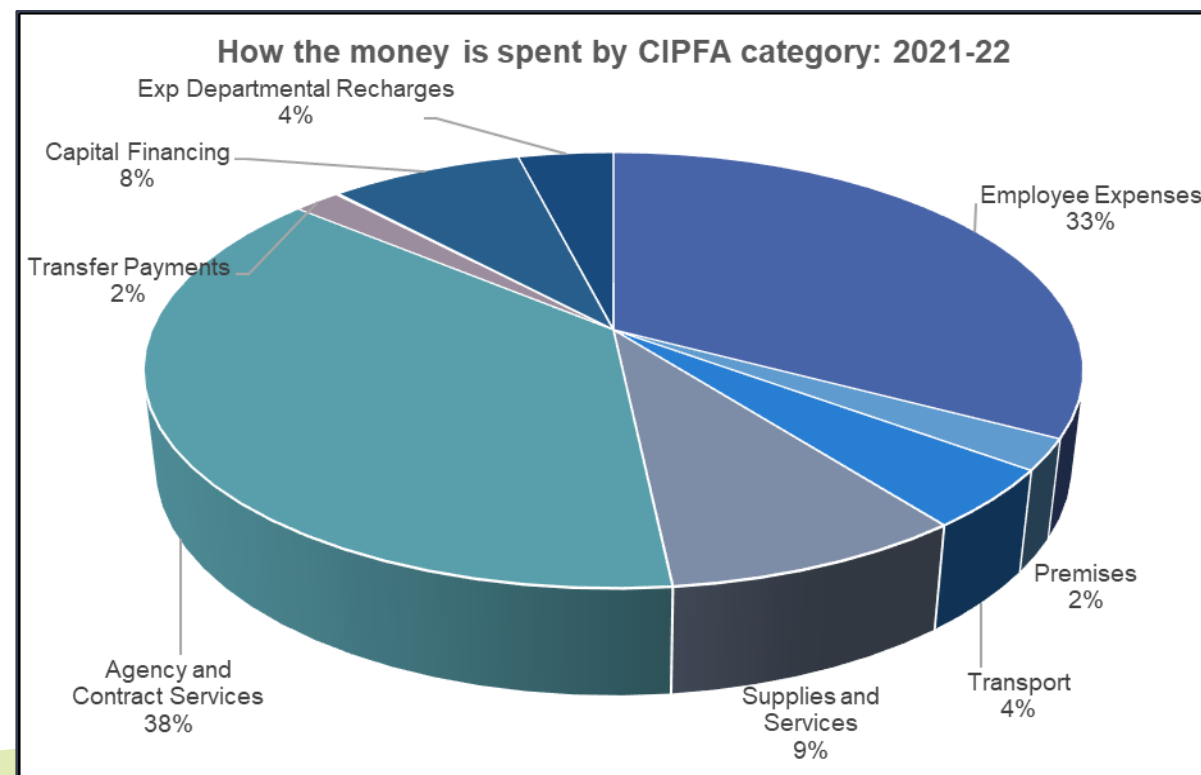
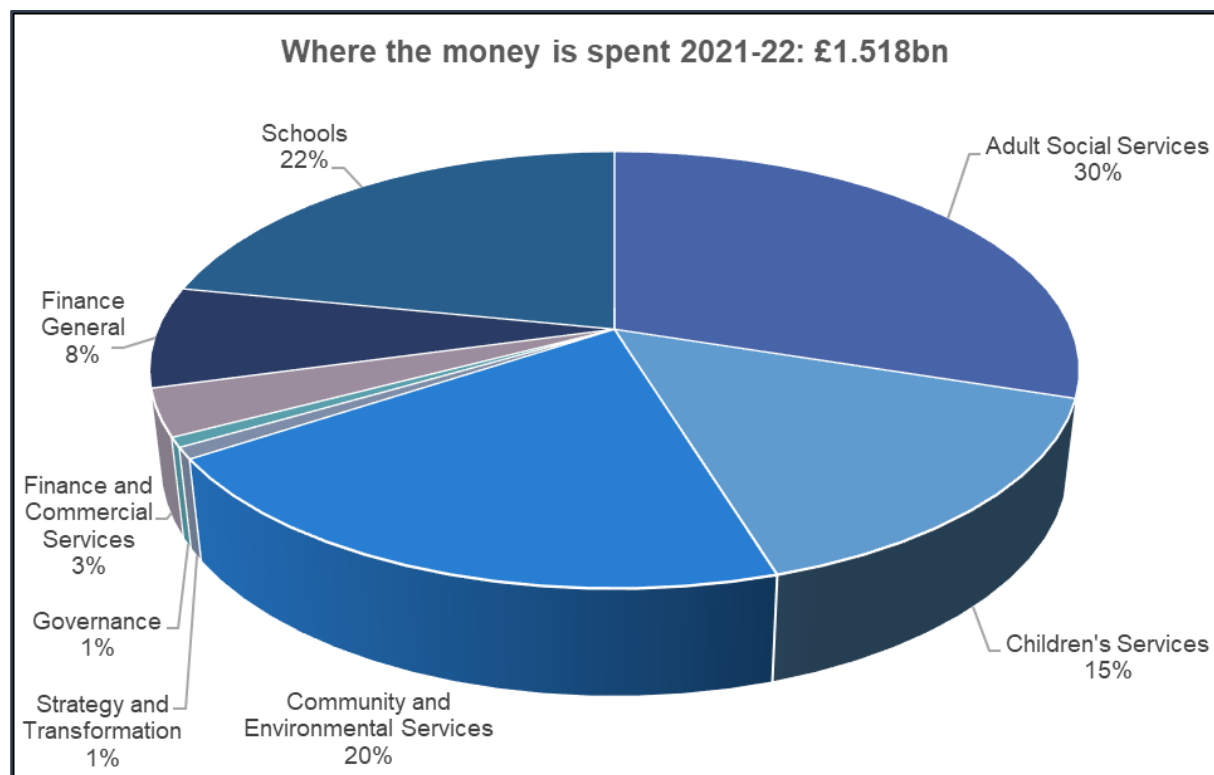
July 2021

2022-23 Budget process

Activity/Milestone	Time frame
Cabinet review of the financial planning position for 2022-26 – including formal allocation of targets	5 July 2021
Select Committee input to 2022-23 Budget development	12, 14, 16 July 2021
Cabinet considers emerging proposals and service budget strategies	6 September 2021
Cabinet considers full savings proposals and agrees proposals for public consultation	4 October 2021
Public consultation on 2022-23 Budget and council tax and Adult Social Care precept options	TBC October to December 2021
Reporting to Cabinet as appropriate on Government funding announcements / changes to planning assumptions	November – December 2021
Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements	TBC around 5 December 2021
Confirmation of District council tax base and business rate forecasts	31 January 2022
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	31 January 2022
Final Local Government Finance Settlement	TBC January / February 2022
Scrutiny Committee 2022-23 Budget scrutiny	16 February 2022
County Council agrees Medium Term Financial Strategy 2022-23 to 2025-26, revenue budget, capital programme and level of council tax for 2022-23	21 February 2022

2021-22 Budget context

The graphs indicate how the Council's gross 2021-22 Budget is spent by service and type of spend. The scale of the budget provides important context when considering 2022-23 savings.



Medium Term Financial Strategy: Key assumptions

The Medium Term Financial Strategy (MTFS) agreed in February 2021 reflected the following assumptions:

- Significant cost pressures as set out in the appended report, however further pressures may emerge through the process;
- COVID-19 pressures cease after 2021-22;
- 2021-22 funding levels continue in 2022-23 (excluding COVID-19 funding);
- Pay inflation assumed at 3%;
- 1.99% council tax increase in all years, 1% ASC precept increase (2022-23 only);
- Limited tax base growth (0.5% in 2022-23, 0.75% 2023-24 and 1.0% thereafter);
- Collection fund deficit £2.4m 2022-23, £0.6m 2023-24, £0 2024-25.

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
Cost pressures and funding decreases	58.164	45.629	40.522	31.372	175.687
Change in forecast council tax income	-16.882	-14.390	-14.822	-14.604	-60.697
Existing planned savings in 2021-22 MTFS	-2.245	-1.600	-2.500	0.000	-6.345
Gap as reported to July 2021 Cabinet	39.037	29.639	23.200	16.768	108.645

Medium Term Financial Strategy:

Existing savings

- Planned savings already included in the 2021-25 MTFS agreed by Council in February total £47.524m.
- Savings to close the forecast 2022-23 MTFS gap of £39.037m are required **in addition** to existing savings of £2.245m.

	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	Total £m
Adult Social Services	-17.858	4.275	2.000	0.000	-11.583
Children's Services	-11.300	-6.900	-3.500	-2.500	-24.200
Community and Environmental Services	-8.288	-0.466	0.000	0.000	-8.754
Strategy and Transformation	-0.553	-0.180	0.000	0.000	-0.733
Governance	-0.353	0.000	0.000	0.000	-0.353
Finance and Commercial Services	-1.927	0.026	-0.100	0.000	-2.001
Finance General	-0.900	1.000	0.000	0.000	0.100
Grand Total	-41.179	-2.245	-1.600	-2.500	-47.524

Medium Term Financial Strategy:

Saving targets for 2022-23

- Savings targets agreed by Cabinet 05/07/2021.
- Uncertainty around funding (fair funding, social care reform) and additional cost pressures.
- Detailed funding allocations for 2022-23 unlikely before late autumn 2022.
- Risks include COVID-19 pressures persisting into 2022-23.
- **Freezing council tax would add approximately £8.8m to the savings target to be found in 2022-23.**

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
Adult Social Services	17.700	13.600	10.700	7.800	49.800
Children's Services	8.700	6.500	5.000	3.600	23.800
Community and Environmental Services	8.700	6.500	5.100	3.700	24.000
Strategy and Transformation	0.500	0.400	0.300	0.200	1.400
Governance	0.400	0.300	0.300	0.200	1.200
Finance and Commercial Services	1.800	1.300	1.000	0.700	4.800
Finance General	1.300	1.000	0.800	0.600	3.700
Total savings target	39.100	29.600	23.200	16.800	108.700

Options to address any shortfall in savings to close the 2022-23 Budget gap will include:

- Government providing additional funding;
- Corporate / centrally identified savings opportunities; and
- Service departments identifying further savings at a later stage in the process.

Suggested lines of enquiry

Suggested **key questions for Select Committee** to consider:

1. What learning from the pandemic can be used to assist us in finding financial savings?
2. What areas of the Council's operations could benefit from the transformation programme?
3. Where can Members see scope for 'de-siloing', both internally and with partners?
4. What ideas are there for rationalising the property estate as we focus our operation on County Hall and other hubs?

Further considerations for saving proposals:

- **Long-term implications:** What is the likely impact on preventative services, invest to save, third-party income?
- **Strategic fit:** What are the links to wider organisational strategy and objectives?
- **Synergy:** Any alignment to other savings, and Smarter Working initiatives – which could be an opportunity to go bigger/share overheads?
- **Replicability:** Could this type of saving be repeated in any other service?
- **Key risks:** Including:
 - the extent it is in our gift – i.e. could be difficult, but in our power to deliver, or relies on cost avoidance/people's behaviours/culture change etc.
 - Wider risks and acceptability.
 - Double counting and overlap with other departments?
- **Challenges and costs:** Are the costs of implementation all included?
- **Consultation:** Does it require a policy change?
- **Equity:** Does it create a policy, employment or service delivery imbalance between service departments and service users?