



Full Council

**Tuesday, 27
September 2022**

**Matter for
Information and
Decision**

Report Title:

Budget Setting Approach (2023/24)

Report Author(s):

Tracy Bingham (Strategic Director / Section 151 Officer)

Purpose of Report:	To consult Members on the approach for setting the 2023/24 budget.
Report Summary:	The report seeks to determine, in light of the current financial outlook, the Council's mandate for setting the Council's budget for 2023/24.
Recommendation(s):	That Members provide feedback accordingly.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 tracy.bingham@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Team Manager) (0116) 2572 705 rashpal.sohal@oadby-wigston.gov.uk</p> <p>Jon Wells (Senior Strategic Development Manager) (0116) 257 2692 jon.wells@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	<p>Accountability (V1) Respect (V2) Teamwork (V3) Innovation (V4) Customer Focus (V5)</p>
Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Report entitled 'Budget Setting Approach 2023/24' to Policy, Finance and Development Committee, 26 September 2022
Appendices:	None.

1. Background

- 1.1. This report was scheduled for review by the Policy, Finance and Development Committee (PFDC) on 13 September, ahead of Council consideration. However, as a result of the changes to the Schedule of Meetings following the death of Her Late Majesty Queen Elizabeth II, the Committee are not due to consider the report until 26 September 2022. Therefore, any comments or amendments approved by the Committee will be shared by way of verbal update or additional paper as necessary at the meeting of Council on 27 September 2022.
- 1.2. The Local Government Act 1992 requires the councils that are billing authorities complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 April.
- 1.3. Given the in-year inflationary linked budget pressures identified through Quarter 1 budget monitoring and the projected and the future year recurring budget gaps in the draft Medium Term Financial Strategy (MTFS), the Council, like many others, faces a difficult financial outlook. The draft MTFS includes a Sustainability Plan, which sets out how the Council intends to make savings on its General Fund. This Sustainability Plan will be tested and refined throughout the budget setting timetable.
- 1.4. Officers have now started to review the detailed income and expenditure budgets by service for the forthcoming 2023/24 financial year across all of its operations – the General Fund and Housing Revenue Account (HRA) revenue accounts and the General Fund and HRA Capital Programmes. Given the context relative to the Council's financial outlook on the General Fund, the Strategic Director and Section 151 Officer has set out some early budget setting principles for services to work with (see below). Whilst the HRA continues to have a stable outlook, inflationary pressures will still impact – in particular the effect of any imposed cap on social housing rent increases may impact the council's HRA operating surplus and ability to invest in its stock.
- 1.5. The purpose of this report is to consult members on any further features or principles they would like to set as part of determining next year's budget, in addition to any provided by PFDC as outlined in 1.1 above.

2. Approach and Key Principles

- 2.1. Overall, the budget will be set using an "incremental budgeting" approach. This means the budget book will be taken forward into the new year, adjusted for changes presented to members and subsequently approved.
- 2.2. The three principles set out to Managers in preparing their budgets for next year are:

1. Savings should be delivered

Overall, services should look to make changes in their services that elicit savings. The intention here is to not make service cuts, but instead consider how, if they had to, would savings be made and within reason are these achievable whilst maintaining an acceptable (and member-approved) level of service.

2. Revenue growth should be self-funding

This means that any cost-pressures (such as inflation pressures on supplies, services and contracts), additional staff or reductions in income due to lower demand or reduced fees, should, insofar as is possible, be "self-funding". This means services should try as far as is reasonably practical to off-set increases in financial resources by making savings in other areas.

3. Capital growth should have a revenue payback OR be essential for the maintenance of service delivery

Ideally, if we are creating or enhancing an asset, it should be because it will better the council's financial position through reducing spend or generating income, or it must be because we need to do this to maintain services.

- 2.3. To ensure effective financial scrutiny, early member engagement on the budget will be undertaken, starting with this context setting report. An additional meeting is proposed to be held with the Policy, Finance and Development Committee (PFD) on 15 November to share the early proposals and seek feedback on these and any other budget changes members would like to see.
- 2.4. A draft budget position will then be prepared and presented to PFD at its 1 December meeting. The Committee will then recommend the draft budget to Council for approval to consult. Following the Council meeting on 20 December, it is intended that the statutory consultation will run for circa 6 weeks and will be extended to include wider public consultation via the website also.

3. Timetable

- 3.1 The proposed timetable is as follows:



4. Summary

- 4.1 Feedback is sought on the overall approach and main features of the budget setting timetable, including but not limited to the member engagement timetable, the key principles and the proposed public consultation.

