

AUDIT COMMITTEE	AGENDA ITEM No. 9
17 OCTOBER 2022	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Resources and s.151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Emma Riding, Budget Planning and Reporting Manager	Tel. 07790944655

BUDGET SETTING PROCESS OVERVIEW
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R E C O M M E N D A T I O N S	
FROM : Cecilie Booth, Executive Director of Resources and s.151 Officer	Deadline date : N / A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Consider and note the Councils approach to budget setting provided in this report 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee to provide an overview of the Council Budget setting process, as requested at the meeting on 20 June 2022.

2. PURPOSE AND REASON FOR REPORT

2.1 The report is for the Audit Committee to consider under its Terms of Reference (agreed at Full Council) at 2.2.2.14

- To review any issue referred to it by the Chief Executive or a Director, or any Council body.

2.2 The purpose of this report is to provide an overview to members of the Councils current approach to setting the budget.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet	-
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4. BACKGROUND AND KEY ISSUES

4.1 In April 2022 a [report](#) to Cabinet outlined a proposed budget setting process. This was produced on reflection of the challenges presented during the 2022/23 Budget setting and after considering feedback from officers, members and the independent improvement and assurance panel a number of recommended changes to the current process were proposed. These are summarised as follows:

- Setting a balanced budget in a timely manner, which will include bringing forward the current timescales operated.
- The 2023/24 budget will flow from the Medium Term Financial Strategy and the CEO’s vision for a Sustainable Council.
- To review the remit and terms of reference of the Financial Sustainability Working Group (FSWG).
- To provide additional training and workshops for members .
- The finance team will work with opposition members to prepare an alternative budget.
- To Review the process for consideration of Budget Amendments .
- Future budget reports will be presented in a more user friendly format.

As a result the Councils [Budget Policy Framework Rules](#) was also updated and approved by full Council in July. The Budget Policy Framework Rules sets out the council approach to setting the budget including timescales, governance arrangements and the requirements in respect of any proposed budget amendments or opposition budgets.

One of the key changes has been to present a revised Medium Term Financial Strategy (MTFS) on a Quarterly basis. Which will provide Cabinet an updated MTFS based on updated financial assumptions in respect of the revenue and capital budgets and the latest progress towards delivering a sustainable and balanced budget. With the final Budget report and associated financial strategies being recommended to Council annually in February.

The Following table outlines the timeline for this:

Timescales	Update
June/July	MTFS Quarter 1 Update
September	MTFS Quarter 2 Update
December	MTFS Quarter 3 Update
February	<p>Council Budget Setting meeting: MTFS Quarter 4 Update (if required) Treasury Management Capital Strategy Reserves Strategy Budget Setting Report, including:</p> <ul style="list-style-type: none"> • Council Tax Resolution • Revenue and Capital Budgets for the following year • Section 25 Statement

Governance Arrangements

All Budget Proposals including Savings, investment and revised financial assumptions are considered within the following groups before being included within the final report:

- **Budget- Corporate Leadership Team (CLT)**- made up of the Councils Corporate Directors and Finance Officers as support
- **Cabinet Policy Forum (CPF)**- informal meeting of Cabinet
- **Financial Sustainability Working Group (FSWG)**- Cross Party working group focussed on supporting the delivery of financial sustainability for the Council. The Term of Reference for this group are included within the Budget Police Framework Rules.

Each of the MTFS quarterly updates and the Budget Setting Reports are considered by the Meeting of Joint Scrutiny Committees, where recommendations and feedback can be discussed and made to Cabinet for consideration.

As outlined within the Budget Policy Framework Rules, opposition members are able to propose an alternative budget or budget amendments but this must be within the timescales and rules as set out within the constitution.

The Council has a legal responsibility to set a balanced budget by 11 March each year. The above timetable sets out an approach which ensures compliance with this.

Current Approach

The Council published the MTFS 2023-26 Quarter One report in July, which outlined the following budget gap:

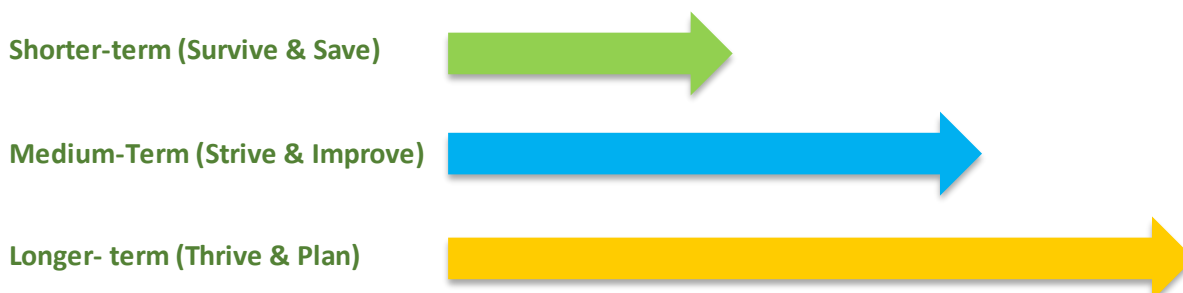
Budget Gap	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Funding	181,883	198,007	205,763	211,994
Net Revenue Expenditure (NRE)	181,883	207,527	218,639	227,117
Aggregated Budget Gap	-	9,520	12,876	15,122
Aggregated Budget Gap breakdown				
2023/24	-	9,520	9,520	9,520
2024/25	-	-	3,357	3,357
2025/26	-	-	-	2,246
	-	9,520	12,876	15,122

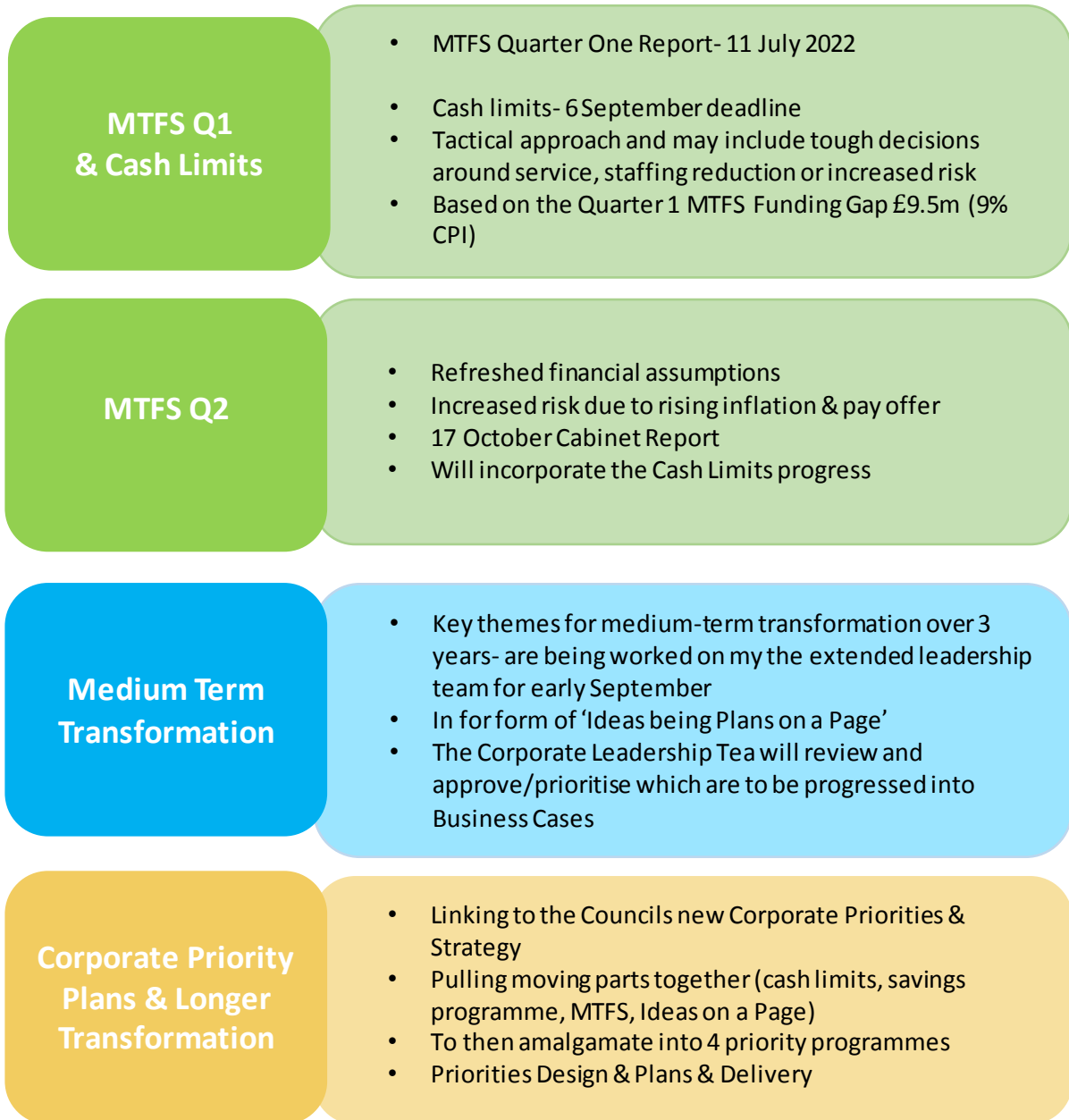
The Council is adopting a balanced approach to delivering financial sustainability. It is faced with delivering a challenging savings programme in the current financial year in addition to developing plans to meet the £9.5m budget gap in 2023/24. This will mean balancing the identification of shorter term savings which can be delivered in 2023/24, whilst at the same time considering plans for the medium and longer term which will achieve financial sustainability. Recognising these differing timescales a number of workstreams have been initiated by CLT to deliver this.

The short-term approach has involved setting cash limit targets across all departments. Over the summer officers have been working on plans to deliver their services within these, with these being ready for review in some CLT workshops early September.

For the Medium to longer term there have been a number of workshops with the Extended leadership Team, supported the Independent Assurance and Improvement Panel members. These have been set with a focus on identifying key cross cutting transformational opportunities across the Council, which could deliver medium to longer term financial benefits. Again the first stage of these ('ideas on a page') have been requested for early September and will be reviewed by the CLT before being progressed to the next phase to ensure ideas are inline with the Councils Corporate priorities and resource is prioritised appropriately to deliver.

The following diagram outlines the different strands of work taking place within the Council and how these different layers will be brought together to deliver a sustainable future over the differing timescales.





5. CONSULTATION

5.1 None required. However it should be noted that the Budget Policy Framework Protocol Rules were reviewed by the Constitution and Ethics Committee, before being recommended to Council for approval in July 2022.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That the Audit Committee is informed of the Council Approach to budget setting.

7. REASON FOR THE RECOMMENDATION

7.1 None required- item for information.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None required- item for information.

9. IMPLICATIONS

9.1 Financial Implications

No Financial Implications as a result of this report- item for information.

9.2 Legal implications

No legal implications as a result of this report- item for information.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

[MTFS 2023-26 Quarter One report \(Appendix A\)](#)

[Budget Policy Framework Rules](#)

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