

EXTRAORDINARY CABINET	AGENDA ITEM No. 3
5 DECEMBER 2022	PUBLIC REPORT

Report of:	Executive Director of Resources and S151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director of Resources and S151 Officer Patricia Phillipson, Interim Director: Financial Services & Deputy S151	Tel. 452520

BUDGET CONSULTATION 2023/24 LAUNCH

RECOMMENDATIONS	
FROM: Cabinet Member for Finance and Corporate Governance	Deadline date: N/A2
<p>It is recommended that Cabinet approves:</p> <p>The launch of the Budget Consultation 2023/24 from 5 December 2022, closing on 8 January 2023.</p>	

1.0 ORIGIN OF REPORT

- 1.1 This report comes to Cabinet as part of the council’s process for developing a sustainable Medium Term Financial Strategy covering the period 2023-2026 and revenue budget for 2023/24.

2.0 PURPOSE AND REASON FOR REPORT

2.1 Purpose

This report is submitted for Cabinet to consider under Part 3, Section 3, Executive Delegation 3.2.1, “To take collective responsibility for the delivery of all strategic executive functions within the council’s major policy and budget framework and lead the council’s overall improvement programmes to delivery excellent services.”

- 2.2 With the approval of the Chair of the Growth, Resources and Communities Scrutiny Committee, waiver of call-in procedures has been invoked to suspend the 3-day call-in period. This is in order for the public consultation to run for as long a period as possible and to ensure that those who wish to engage have every opportunity to do so.

2.3 Overview

The financial landscape in which the council is operating has been constantly changing. Peterborough’s rapidly rising population means that demand for services has increased faster than the average. The Covid-19 pandemic has had a lasting impact as significant spending pressures arising from built up demand and increased complexity of care packages came to fruition.

Added to this, the council now faces rising inflation, which is driving up the cost of delivering services. Like many households, businesses and other local authorities, the council faces increased energy costs and rising costs of pay for its own staff and those who deliver services on its behalf such as care workers. At the same time, the funding the council receives from Government and from Council Tax has not kept pace, with increasing demand for the services the council provides.

In July, Cabinet considered the council’s forecast budget for 2023/24; this identified a forecast budget gap of

approximately £9.5m, based on the latest funding and inflationary assumptions available at the time. However, since then the economic picture has vastly changed with inflation and interest rates continuing to grow. This meant in October, due to unprecedented levels of inflation, a nationally agreed pay award for staff creating at least an additional £2m pressure and the council expecting to receive less than originally anticipated from its membership of the Cambridgeshire Business Rates Pool, forecasts indicated that the council’s financial challenge could be as high as £21.7m.

The Corporate Leadership Team has been planning for this challenge and developing strategies as early as possible in order to deliver a balanced budget, recognising this requires difficult decisions about transforming service delivery and identifying new ways of working to generate the level of savings required. This has included:

- Continuing to look for ways to reduce spend and get a better deal from those organisations we rely on to provide services, including its supply chain.
- Continuing to transform the way we deliver services, doing things differently in a way that improves outcomes and doing more for less or have somebody else doing it cheaper. We are bringing back in-house service delivery where it is in the best interests of the council to do so.
- Reducing our capital programme. Our capital receipts programme has reduced the risk of future interest rates exposures and our cost of borrowing by selling some of our assets.
- Stopping ‘non vital’ services or charging more - as part of this we must consider our statutory obligations to those who need our help and support the most.
- Managing our inflationary pressures by bringing in external expertise, controlling expenditure and reviewing all contracts.

The Budget Consultation sets out how these actions have taken shape and how we might need to change the way we deliver services in the coming financial year to be able to balance our budget and move a step closer to becoming a financially sustainable council.



The following timetable outlines the key meeting dates in relation to the Medium Term Financial Strategy and the Budget for 2023/24:

Timescales	Update
11 July 2022- Cabinet	MTFS Quarter 1 Update ✓
17 October 2022- Cabinet	MTFS Quarter 2 Update ✓
5 December 2022 - Cabinet	Budget Consultation Launch ✓
23 January 2023 - Joint Scrutiny 13 February 2023 - Cabinet 23 February 2023 - Council	<p>Final Budget for 2023/24 and the associated strategies</p> <p>MTFS Quarter 3 Update Treasury Management Capital Strategy Asset Management Plan Reserves Strategy Budget 2023/24 report, including:</p> <ul style="list-style-type: none"> • Council Tax resolution • Revenue and capital budgets for the following year

	<ul style="list-style-type: none"> Section 25 Statement (LG Act 2003, robustness of estimates and adequacy of reserves)
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In addition to the above, all budget proposals including savings, investment and revised financial assumptions and consultation feedback are considered within the following groups:

- **Budget- Corporate Leadership Team (CLT)**- made up of the council’s 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 terms of reference for this group are included within the Budget Policy Framework Rules.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	Yes - feedback gathered will be used to inform the Council Budget for 2023/24, to be approved at Council	If yes, date for Cabinet meeting	5 December 2022 & 13 February 2023
Date for relevant Council meeting	22 February 2023	Date for submission to Government Dept.	N/A

3.2 COUNCIL PRIORITIES

The Budget Consultation is being launched to gather the thoughts and views on the council’s services and proposed direction of travel for the 2023/24 budget. This supports all the council’s priorities, but forms a key element of the council’s budget setting process, therefore it is strongly geared towards enabling the council to deliver on the following priority:

- Supported by a Sustainable Future City Council - adjust how we work, serve and enable, informed by strong data and insight capability and led by a culture of strong leadership.

4.0 CONSULTATION

4.1 Budget Consultation

This report seeks approval from Cabinet to launch the Budget Consultation 2023/24, which will be open from 5 December 2022 through to 8 January 2023.

The council will be seeking the views of residents, businesses, stakeholders and service users, and will do this by the following methods of consultation:

- Web-based form on the council website, which includes ten multiple choice and free text questions to gather the thoughts and views of readers.
- Social media will be used to reach out to as many people as possible, directing them to the details and web form.
- Hard copies of the Budget Consultation can be requested by emailing communications@peterborough.gov.uk.
- Key stakeholders and community groups will be emailed with the Budget Consultation details and will be offered the opportunity to have a briefing on these.

The feedback received from the consultation will be considered by and reported to the meeting of Joint Scrutiny Committee on 23 January 2023, and Cabinet on 13 February 2023, before formally proposing a final budget for

2023/24 to Council on 22 February 2023.

Budget Simulator

Additionally, the council launched a Budget Simulator tool on its website for a six-week period from 17 October to 28 November 2022. The simulator has been set up in an easy-to-use format, allowing users to gain a greater understanding of what we spend our money on, and how reducing expenditure or investing in services has consequences, or benefits for the council and residents. Users have also had the opportunity to provide comments and ideas. The Budget Consultation document in Appendix A outlines some of the key messages from this tool, with just under 200 responses received so far.

5.0 ANTICIPATED OUTCOMES OR IMPACT

5.1 For Cabinet to approve the launch of the Budget Consultation 2023/24 for residents, businesses and members to feed back their views on the council's services and spending priorities.

6.0 REASON FOR THE RECOMMENDATION

6.1 This report is to seek Cabinet's approval to launch of the Budget Consultation 2023/24 on 5 December in order to receive feedback from residents, businesses and service users on the council's services and spending priorities.

7 ALTERNATIVE OPTIONS CONSIDERED

7.1 No alternative option has been considered.

8.0 IMPLICATIONS

Legal Implications

8.1 At this time there are no legal implications arising from this report. This consultation is proposed so that Cabinet can consider feedback from residents, businesses and services users in advance of proposing a Budget for 2023/24. The final 2023/24 budget decision will be taken by Council on 22 February 2023, at this point the council is under a legal duty to meet the full requirements of Section 31A of the Local Government Finance Act 1992, which includes the obligation to produce a balanced budget.

8.2 Human Resources implications

No specific implications in this report.

8.3 Equality Impact Assessments

No specific implications in this report.

8.4 Carbon Impact Assessments

No specific implications in this report.

9.0 BACKGROUND DOCUMENTS

[Quarter 1 MTFS 2023-2026 report](#)

[Quarter 2 MTFS 2023-2026 report](#)

10.0 APPENDICES

10.1 Appendix A – Budget consultation 2023/24