



## Report to Policy Committee

**Author/Lead Officer of Report:** Ryan Keyworth,  
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**Report of:** Ryan Keyworth  
**Report to:** Strategy and Resources  
**Date of Decision:** 31 May 2022  
**Subject:** Month 1 Monitoring, Financial Position and Budget Timetable

Has an Equality Impact Assessment (EIA) been undertaken?	Yes		No	X	
Has appropriate consultation taken place?	Yes		No	X	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes		No	X	
Does the report contain confidential or exempt information?	Yes		No	X	

### Purpose of Report:

*This report brings the Committee up to date with the Council's financial position as at Month 1 2022/23. The report also seeks the Committee's agreement to a proposed budget timetable for the development of the 2023/24 budget.*

### Recommendations:

#### The Committee is recommended to:

1. Note the Council's challenging financial position
2. Confirm that *"It is the responsibility of each Committee to work within the budget framework agreed by Council. This includes taking timely action to address any overspend within the services for which the Committee is responsible."* As agreed by Full Council on 23 March 2022
3. Note that the Finance Sub-Committee on 7 June will receive more detailed budget monitoring
4. Note that each Policy Committee will receive more detailed budget monitoring for their areas of responsibility at their meetings in June 2022
5. Requires any Policy Committee that is forecasting an overspend on their budget to develop an action plan to address the overspend in-year and ask the Finance Sub-Committee to monitor both the development of any required action plans and delivery against them
6. Approve the budget timetable set out in 1.5.1 of this report
7. Note that each Policy Committee will be advised of the budget timetable at their June 2022 meetings including the requirement for each Policy Committee to plan to develop budget proposals over the course of the summer

### Background Papers:

[2022/23 Revenue Budget](#)

<b>Lead Officer to complete:-</b>		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Ryan Keyworth, Director of Finance and Commercial Services</i>
		Legal: <i>David Hollis, Assistant Director, Legal and Governance</i>
		Equalities & Consultation: <i>James Henderson, Director of Policy, Performance and Communications</i>
		Climate: <i>n/a</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>SLB member who approved submission:</b>	<i>Ryan Keyworth</i>
3	<b>Committee Chair consulted:</b>	<i>Cllr Terry Fox</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Ryan Keyworth</i>	<b>Job Title:</b> <i>Director of Finance and Commercial Services</i>
	<b>Date:</b> <i>31 May 2022</i>	

## 1. PROPOSAL

### 1.1 Context

1.1.1 The Council is facing a challenging financial position. It is critical that all Committees stay within the budgets that have been allocated to them by Full Council

1.1.2 A specific recommendation to Council in the [March 2022 budget report](#) supports this:

*“d) To note that, if overspends against the agreed budgets emerge, then Executive Directors and Directors will be required to develop and implement plans to mitigate fully any overspend, within 2022/23, in consultation with elected Members;”*

1.1.3 This recommendation was further reinforced by an [amendment](#) to the [report establishing the new Committee](#) system approved at Council on 23 March proposed by Cllr Cate McDonald (Executive Member for Finance and Resources), seconded by Cllr Sioned-Mair Richards (Chair of Audit and Standards Committee).

*“49. It is the responsibility of each Committee to work within the budget framework agreed by Council. This includes taking timely action to address any overspend within the services for which the Committee is responsible.”*

### 1.2 Background – 2021/22 Out-turn and 2022/23 Budget

1.2.1 The Council finished the 2021/22 financial year with a £20m overspend – helped by one-off income from the NHS.

<b>£m</b>	<b>FY Outturn</b>	<b>FY Budget</b>	<b>FY Variance</b>
People	286.7	264.3	22.4
Place	131.2	135.1	(3.8)
PPC	3.1	3.4	(0.4)
Resources	10.5	8.8	1.7
Corporate	(411.7)	(411.6)	(0.1)
<b>Total</b>	<b>19.8</b>	<b>0.0</b>	<b>19.8</b>

1.2.2 Balancing the 2022/23 Budget required significant savings and a use of reserves. On 2 March 2022, Council approved the 2022/23 budget. That budget required almost £53m of savings proposal and the use of £15m of the Council's one-off reserves to balance it.

<b>£m 22/23</b>	<b>Approved Savings</b>
People	37.7
Place	7.1
PPC	1.2
Resources	6.7

<b>Total</b>	<b>52.7</b>
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The Council has also earmarked £25m of reserves to manage the delivery (ie can the saving be realised) and timing risks (ie when can the full saving be delivered) associated with the £52.7m savings.

1.2.3 The Council allocated a total of £70m Reserves to support the Budget from 2021/22

These one-off reserves have been used, or are earmarked as follows:

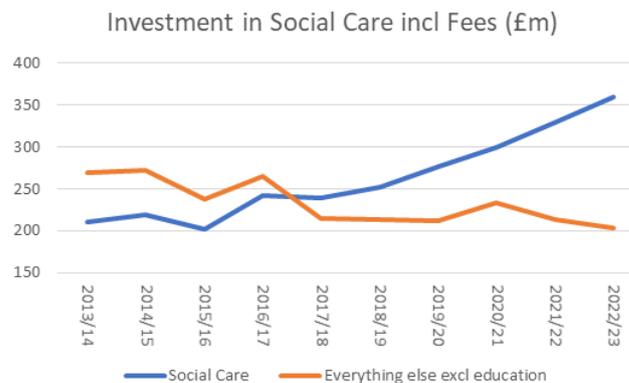
<b>Reserves Usage</b>	<b>£m</b>
2021/22 Overspend	20
2022/23 Budget Balancing	15
2022/23 Current Overspend	19
<i>Unallocated</i>	<i>16</i>
<b>Total</b>	<b>70</b>

1.2.4 The 2022/23 budget, consistent with the Council's long-term priority, protected investment in key front-line services and in particular social care.

The table below shows how budgets changed from 2021/22 to 2022/23. Effectively, the 2021/22 overspend in People as shown above has been built into the 2022/23 budget. There have been some reallocations between portfolios (eg Libraries) but the message is unaltered:

<b>£m Budget Comparison</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Change</b>
City Futures		43.8	
Operational Services		112.3	
Sub-Total	135.1	156.1	21.0
People	264.3	291.9	27.7
Policy, Performance And Comms	3.4	2.8	(0.6)
Resources	8.8	6.6	(2.2)
Corporate (Incl Use Of Reserves)	(411.6)	(457.4)	
<b>Total</b>	<b>0.0</b>	<b>(0.0)</b>	<b>45.8</b>

1.2.5 Over the longer term and including fee income, this chart shows how the Council has continued to invest in Social Care services with increases of 6% per year for last 10 years and 8% per year for the last 5 years.



1.2.6 The use of reserves can only be one-off. A series of Reviews were commissioned as part of the 2022/23 budget that are designed to save money over the longer term whilst protecting vital services:

<b>Early Intervention &amp; Prevention including Financial Support</b>	Review and consolidation of the Council's early intervention and prevention services including services provided by Children and Families, Housing, Communities, Adult Health and Social Care.  Review of the Council's approach to providing financial support / hardships support including the funding and administration of schemes. Including Council Tax support / hardship, s17 payments, No Recourse to Public Funds, Local Assistance Scheme etc
<b>Libraries</b>	Review the Council's Libraries offer, including the remaining 11 Council-run libraries to determine whether any more should become volunteer run libraries.
<b>Accommodation</b>	<ol style="list-style-type: none"> <li>1. City Centre e.g Moorfoot, Howden, Town Hall</li> <li>2. Locality buildings</li> <li>3. Depots / operational type bases</li> <li>4. Community buildings, including all parks/libraries</li> <li>5. Service tenancies</li> <li>6. Commercial Estate and leased out</li> </ol>
<b>Apprenticeships</b>	Review to explore further opportunities to grow our apprenticeship cohort, saving money and providing opportunities at the same time.
<b>Customer Service</b>	<ol style="list-style-type: none"> <li>1. Communication</li> <li>2. Access to Services</li> <li>3. Quality and Timeliness</li> <li>4. Digital and Self-Service</li> </ol>

### 1.3 Month 1 2022/23

1.3.1 The Council is forecasting an £18.7m overspend against the 2022/23 budget

<b>Full Year £m</b>	<b>Outturn</b>	<b>Budget</b>	<b>Variance</b>
Corporate	(457.0)	(457.1)	0.1
City Futures	44.6	43.8	0.8
Operational Services	111.9	112.0	(0.1)
People	308.2	291.9	16.3
Policy, Performance Comms	2.9	2.8	0.1
Resources	8.1	6.6	1.5
<b>Total</b>	<b>18.7</b>	<b>0.0</b>	<b>18.7</b>

1.3.2 This overspend is due to a combination of agreed Budget Implementation Plans ("BIPs") not being fully implemented and ongoing cost / demand pressures that are partially offset by one-off saving.

Full Year £m	One-off	BIPs	Trend	Variance
Corporate	-	-	0.1	0.1
City Futures	-	-	0.8	0.8
Operational Services	(3.2)	1.3	1.8	(0.1)
People	(1.2)	15.4	2.1	16.3
Policy, Performance Comms	-	0.1	-	0.1
Resources	-	1.4	0.1	1.5
<b>Total</b>	<b>(4.4)</b>	<b>18.2</b>	<b>4.9</b>	<b>18.7</b>

- 1.3.3 Individual Policy Committees will receive more detailed budget monitoring at their June 2022 meetings. **It is recommended** that the Strategy and Resources Committee requires any Policy Committee that is forecasting an overspend on their budget to develop an action plan to address the overspend in-year.

#### 1.4 Outlook for 2023/24 and Beyond

- 1.4.1 We do not expect to receive additional core funding – the trend in government is to support specific initiatives rather than general funding uplifts. In any case, the Local Government finance settlement is normally issued just before Christmas – far too late to support a budget process.

The best we can hope for is that the government will recognise and provide funding to cover the current high rates of inflation, although there are no indications from government on this and we would not expect to get any confirmation until the Autumn Statement at the earliest.

- 1.4.2 We are working on the Medium Term Financial Analysis which will provide our best estimate of the Council's overall financial position for the next few years. We normally produce this over the summer for publication in the early Autumn, but this year, we are bringing it forward to July because of the Council's difficult financial position.

- 1.4.3 There is likely to be a significant budget gap to bridge for 2023/24

Possible 2023/24 Budget Gap	£m
Use of Reserves in 2022/23 Budget	15
Current 2022/23 Forecast Overspend	19
One-offs being used in 2022/23	4
Ball-park inflationary / demand pressures	?45?
Expected Grant / Council Tax Increase	(15)
<b>Potential Budget Gap</b>	<b>68</b>

#### 1.5 2023/24 Budget Timetable

- 1.5.1 The high-level timetable for the 2023/24 budget has been structured around the Committee timetable. This timetable will require significant work from Policy Committees over the summer and will mean that budget proposals from Committees will be reported during September.

<b>Throughout June 2022</b>	Budget Monitoring and timetable Reports to <b>Policy Committees</b> at Month 1 2022/23.
<b>5 July 2022</b>	Medium Term Financial Analysis to <b>Strategy and Resources Committee</b> . <b>Strategy and Resources Committee</b> sets Policy Committee budget targets.
<b>July – September 2022</b>	<b>Policy Committees</b> develop Revenue and Capital budget proposals to address any cost or demand pressures within the budget allocated by Strategy and Resources Committee.
<b>Throughout September 2022</b>	<b>Policy Committee</b> meetings to formally set out how they are going to deliver their budget – reporting the results of the work done over the summer.
<b>12 October 2022</b>	Consolidated budget report based on individual Policy Committee work to <b>Strategy and Resources Committee</b> .
<b>Throughout November 2022</b>	<b>Policy Committee</b> meetings formally to sign-off budgets after any changes from Strategy and Resources Committee in October
<b>5 December 2022</b>	Overall budget formally signed off by <b>Strategy and Resources</b> including the Housing Revenue Account Rent setting report as part of the Housing Policy Committee’s budget.
<b>24 January 2023</b>	Budget report formally approved by <b>Strategy and Resources</b> with recommendations to Full Council
<b>1<sup>st</sup> February 2023</b>	Housing Revenue Account budget approved at <b>Full Council</b> , together with the Rent Setting decision
<b>1<sup>st</sup> March 2023</b>	2023/24 Revenue and Capital Budgets to <b>Full Council</b>

**2. HOW DOES THIS DECISION CONTRIBUTE?**

2.1 The recommendations in this report will ensure that the Council has a robust budget process for 2023/24 and will ensure that each Policy Committee undertakes any work required to both balance their 2022/23 budget and prepare for the 2023/24 budget.

**3. HAS THERE BEEN ANY CONSULTATION?**

3.1 There has been no consultation on this report, however, it is anticipated that the budget process itself will involve significant consultation as the Policy Committees develop their budget proposals

**4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

4.1 Equality Implications

4.1.1 There are no direct equality implications arising from this report. It is expected that individual Committees will use equality impact analyses as a basis for the development of their budget proposals in due course.

4.2 Financial and Commercial Implications

4.2.1 There are no direct financial implications from this report.

#### 4.3 Legal Implications

4.3.1 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:

- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
- the adequacy of the proposed financial reserves.

4.3.2 There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves.

4.3.3 By the law the Council must set and deliver a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.

#### 4.4 Climate Implications

4.4.1 There are no direct equality implications arising from this report. It is expected that individual Committees will consider climate implications as they develop their budget proposals in due course.

#### 4.4 Other Implications

4.4.1 No direct implication

### **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.