



## EXECUTIVE SCRUTINY BOARD

16<sup>th</sup> January 2023

# ITEM 4

Report sponsor: Simon Riley, Strategic Director  
of Corporate Resources

Report author: Simon Riley, Strategic Director of  
Corporate Resources

## Budget Proposals 2023/24 – 2025/26

### Purpose

- 1.1 Council Cabinet on the 21<sup>st</sup> of December 2022 approved for consultation the Budget proposals for the period 2023/24 to 2025/26. Public consultation runs from 22<sup>nd</sup> December 2022 to 28<sup>th</sup> January 2023.
- 1.2 The Budget details the resourcing plans for delivering the Council Plan agreed in February 2022 which sets out a new Vision for Derby 'Ambitious for Derby' and priorities linked to four partnership themes (Growth, Green, Resilient and Vibrant)
- 1.3 The Medium-Term Financial Plan (MTFP) assumes delivery of £16.554 m of budget savings and additional income in 2023/24, and an increase in Council Tax of 4.99% (this includes 2% specifically for social care).
- 1.4 The MTFP incorporates £32.357m of pressures in 2023/24, to address demand and cost pressures and to invest in Council priorities.
- 1.5 Scrutiny of Council Priorities and its resourcing detailed in the MTFP is an integral part of the Board's functions. The Board will then make any appropriate recommendations to Council Cabinet.
- 1.6 The setting of a balanced budget for 2023/24 has been challenging against a backdrop of very volatile public sector finances. This has required the development of a significant number of savings proposals across all Council activities. To allow for effective Scrutiny the Chair of Executive Scrutiny has agreed to the Scrutiny to take place over two sessions of the Board

16<sup>th</sup> January: Scrutiny of Budget Strategy (Main Report)

Scrutiny of Communities and Place and Corporate Resources Savings  
Proposals (Appendix 2)

Scrutiny of Communities and Place and Corporate Resources  
Pressures (Appendix 3)

Scrutiny of Revenue Reserves (Appendix 4)

17<sup>th</sup> January: Scrutiny of People Services Savings Proposals (Appendix 2)

Scrutiny of People Services Pressures (Appendix 1)

Scrutiny of Capital Programme (Appendix 5)

## **Recommendations**

- 2.1 To consider and comment on the MTFP and specific budget proposals for 2023/24.
- 2.2 To make any appropriate recommendations to Council Cabinet for inclusion in the Council Plan or Budget Setting Report, due to be considered by Council Cabinet on 15<sup>th</sup> February 2023 and subsequently by Council on 27<sup>th</sup> February 2023.

## **Reason**

- 3.1 To provide scrutiny members with an opportunity to scrutinise the Council's planned budget for delivering the Council's vision and priorities as part of the consultation process.

## **Supporting information**

- 4.1 The MTFP Cabinet report detailed in Appendix 1 provides an overview of proposals to balance the Council's revenue budget for 2023/24 – 2025/26, and the proposed Capital Programme for the same period.
- 4.2 The MTFP Cabinet report was issued prior to the publication of the Local Government provisional finance settlement on the 19<sup>th</sup> of December 2022. Based on the announcements made so far, we anticipate that the Council will receive additional government funding of £623,799 over the funding assumptions in the MTFP Cabinet report. This will be included within the February budget report alongside planned application of the additional funding.

The Government issued prior to the financial settlement a policy statement [Local government finance policy statement 2023-24 to 2024-25 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/local-government-finance-policy-statement-2023-24-to-2024-25). The MTFP includes estimates for 2024/25 based on the policy intentions set out by the Government (it is important to note that these are not firm allocations). There will be the need for a new Comprehensive Spending Requirement in the new parliament where the fiscal forecasts currently forecast the need for further contraction of public sector finances.

In addition, changes in the Local Government finance framework (fair funding and business rate retention) have been postponed until at least 2025/26.

#### 4.3 Scrutiny of the Budget should focus on:

- public value and demonstrating a good use of resources
- how long-term trends, demand pressures and challenges define the Council's financial strategy the impact of proposed budget changes on service delivery and cross cutting outcomes
- the impact of the pandemic on the Council's budget and future financial sustainability and resilience
- high risk and high-cost areas of spend

#### 4.4 The Budget Proposals may also change as a result of the consultation process.

### **Public/stakeholder engagement**

#### 5.1 The annual Budget Scrutiny meeting ensures Scrutiny is provided with a formal opportunity to contribute to the Budget Consultation process.

### **Other options**

#### 6.1 While alternative approaches have been considered, Council Cabinet are recommending priorities and budget proposals they consider to be deliverable and are financially sustainable in the medium term.

### **Financial and value for money issues**

#### 7.1 The Council is legally required to set a balanced budget for the next financial year, by 11<sup>th</sup> March 2023. Following the period of consultation, Council Cabinet will recommend a budget to Full Council on 27<sup>th</sup> February 2023.

#### 7.2 This report presents a balanced budget for 2023/24. There are currently budget gaps for 2024/25 and 2025/26.

### **Legal implications**

#### 8.1 Part 4 of the Council's Constitution (Rules of Procedure) set out a series of Budget and Policy Framework Procedure Rules which require the Council Cabinet's initial budget proposals to be referred to the relevant overview and scrutiny board for further consideration and, if appropriate, recommendations.

#### 8.2 Any recommendations arising from this report will be assessed for their legality on an individual basis.

### **Climate Implications**

#### 9.1 None arising directly from this report.

## Socio Economic Implications

10.1 Non directly applicable given the report covers every area of the Councils business.

## Other significant implications

- 11.1 The new savings proposals for 2023/24, include a potential reduction in staffing. These numbers have already been partially mitigated prior to the employee and union consultation on these proposals.
- 11.2 Equality Impact Assessments (where appropriate) are being prepared for the savings proposals. These will be updated following the completion of the consultation period.
- 11.3 Further implications in relation to risk management, health and safety, and environmental sustainability will be considered on a case-by-case basis as part of the overall budget process.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance	Simon Riley – Strategic Director of Corporate Resources	05/01/2023
Service Director(s)	Simon Riley – Strategic Director of Corporate Resources	05/01/2023
Report sponsor	Simon Riley – Strategic Director of Corporate Resources	05/01/2023
Other(s)		

  

Background papers:	Summary Narratives for Budget Proposals in Appendix 2 (to be forwarded to Scrutiny Members separately)
List of appendices:	Appendix 1 – Report considered by Council Cabinet on 21st December 2022 (Medium Term Financial Plan 2023/24 to 2025/26 – Update and proposed Consultation)