

Initial Budget Proposals for 2023/24

Date: 17th January 2023

Report of: Head of Democratic Services

Report to: Scrutiny Board (Adults, Health and Active Lifestyles)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- In accordance with the Council's Budget and Policy Framework, the Executive Board's initial budget proposals are submitted to Scrutiny for consideration and comment. It is anticipated that this formal referral to scrutiny will take place at the Executive Board meeting on [Wednesday 14 December](#).
- Once Scrutiny Boards have considered the budget proposals, they will be required to provide a summary of their deliberations for consideration at the meeting of the Executive Board on 8 February 2023 in advance of consideration at the full Council meeting on 22 February 2023, when the budget will be agreed.
- The Proposed Budget 2023/24 and Provisional Budgets for 2024/25 and 2025/26 report is attached at Appendix A and should be read in conjunction with two further reports – both entitled Revenue Savings Proposals. The first of those was considered by Executive Board on [19 October 2022](#) and the second at Executive Board on [14 December 2022](#), these are included as Appendix B to this report.
- During the 2021/22 and 2022/23 budget consultation process, scrutiny boards adopted an enhanced consultation programme, which incorporated the use of private working groups to take place in advance of formal consultation in the January cycle of board meetings. These took place in December 2022 with the aim of enabling scrutiny board members to receive an initial introduction to the savings proposals that fall within the remits of their respective boards, providing members with more time to consider the detail of saving proposals. This, supported by consideration of the Budget in this report, is aimed at enabling greater scrutiny input into the budget setting process.
- The purpose of this report is to provide members of the Scrutiny Board (Environment, Housing & Communities) with the Executive Board's proposed budget for 2023/24 and provisional budgets for 2024/25 and 2025/26 for consideration, review and comment on matters and proposals relating to service areas that fall within the Board's remit. This approach will be replicated across all five of the Council's scrutiny boards.

Recommendations

Board members are asked to:

- a) Consider the relevant information provided within this report on the proposed budget for 2023/24 and provisional budgets for 2024/25 and 2025/26 and identify any specific comments and/or recommendations for consideration by Executive Board as it prepares its final proposals for consideration by full Council on 22nd February 2023.

What is this report about?

1. This report sets out the context for formal consultation on the initial budget proposals that fall within the remit of the Scrutiny Board (Adults, Health and Active Lifestyles).
2. The Medium-Term Financial Strategy 2023/24-2027/28 (published in September 2022) identified an estimated General Fund budget gap of £182.6m for the five-year period of which £63.6m relates to 2023/24, a further £37.7m for 2024/25 and £22.2m for 2025/26.
3. A further [Financial Health Monitoring](#) report considered by Executive Board in October set out the impact of inflationary and cost of living pressures on the Council's budget position. As a result of continuing increases in the cost of commissioned services, an increased staff pay award above the budgeted 2% and the cost of energy and fuel, this report identified a further net pressure of £26.5m over the next three years. This therefore increased the projected budget gap over the three-year period as follows: £65.7m in 2023/24, £49.4m in 2024/25 and £35.1m in 2025/26, totalling £150.2m.
4. Since 2010/11, the Council has faced a reduction in core Government funding and significant demand-led cost pressures, especially within Adult Social Care and Children's Services. To date, the Council has responded successfully to that challenge through a combination of leading and/or supporting interventions to stimulate good economic growth, managing demand for services, increasing traded and commercial income, growing council tax from new properties and a significant programme of organisational efficiencies, including reducing staffing levels since 2011 by 2,812 FTEs (full time equivalents) – 3,717 headcount - up to October 2022.
5. The challenge now facing the Council is to manage these underlying pressures in addition to the budgetary pressure caused by the cost-of-living crisis and the ongoing recovery from the Covid-19 pandemic.
6. As in previous years, revenue savings proposals are categorised as either 'Business as Usual' (BAU), which can be implemented within the council's delegated decision-making framework and without consultation, or 'Service Reviews' which may require meaningful consultation with relevant stakeholders prior to any decisions being taken.
7. During the last budget consultation, scrutiny boards requested that information relating to BAU savings be published in the same way as information relating to service reviews. This was to enable members to fully understand where individual BAU proposals will deliver a material saving, and the cumulative impact of the overall savings anticipated to be delivered through the BAU programme. This year, BAU savings have been published via the Executive Board in October and December 2022.

8. In October 2022, the Chief Officer Financial Services provided a [revenue savings report](#) to the Executive Board that presented £10.2m of Business as Usual (BAU) savings over the next three years. Some of these savings are one-off savings in 2023/24 which creates a net pressure in 2024/25. The breakdown of savings is as follows: £11.3m savings identified for 2023/24, leading to a net pressure of £1.1m in 2024/25 and a net saving of £0.03m in 2025/26. Since that time further savings proposals have been identified and these have been approved by the Executive Board at its meeting on 14 December.
9. The December proposals contained £35.8m of net savings impacting on all directorates over the next three financial years, this breaks down as: £42.6m in 2023/24, £6.6m pressure in 2024/25 and £0.2m pressure in 2025/26. The impact of the October and December savings proposals, broken down by directorate, are as follows:

October and December Executive Board directorate savings

| | 2023/24 | 2024/25 | 2025/26 | Total |
|------------------------------|----------------|--------------|------------|----------------|
| Directorate proposals | £'000s | £'000s | £'000s | £'000s |
| Adults & Health | -9,355 | 100 | -200 | -9,455 |
| Children & Families | -11,530 | -115 | 0 | -11,645 |
| City Development | -11,670 | 3,240 | -30 | -8,460 |
| Communities, Housing & Env't | -5,311 | 476 | 400 | -4,435 |
| Resources | -8,767 | 1,450 | 0 | -7,317 |
| Strategic | -7,290 | 2,564 | 0 | -4,726 |
| Total | -53,923 | 7,715 | 170 | -46,038 |

10. These proposals have an impact on the projected budget gap figures set out above and show how the budget gap and challenge have been met since the Medium-Term Financial Strategy was published in September. The following table illustrates this:

Impact on estimated budget gap 2023/24 to 2025/26

| | 2023/24 | 2024/25 | 2025/26 | Total |
|--|----------------|---------------|---------------|----------------|
| | £'000s | £'000s | £'000s | £'000s |
| MTFS gap (Sep Exec Board) | 63,613 | 37,762 | 22,253 | 123,628 |
| Subsequent review of assumptions - net additional pressure | 2,083 | 11,610 | 12,852 | 26,545 |
| Updated gap (Oct Exec Board) | 65,696 | 49,372 | 35,105 | 150,173 |
| October Exec Board proposals | -11,285 | 1,090 | -30 | -10,225 |
| December Exec Board proposals | -42,638 | 6,625 | 200 | -35,813 |
| Total savings proposals | -53,923 | 7,715 | 170 | -46,038 |
| Further review of pressures (and funding of these) in MTFS - net | -11,773 | -9,128 | -8,582 | -29,483 |
| Updated gap (Dec Exec Board) | 0 | 47,959 | 26,693 | 74,652 |

11. Within the December savings proposals for 2023/24 are twelve service reviews which as noted above can be subject to further consultation with relevant stakeholders. The following Table summarises the service reviews:

| Directorate | Service Review Proposal |
|---|---|
| Adults & Health | <ul style="list-style-type: none"> • None |
| Children & Families | <ul style="list-style-type: none"> • Efficiencies across the Children & Families directorate, potentially including staffing reductions • Commissioned Services: review of grants and contracts • Invest to Save proposal: Development of a Children & Families' Transformation Service • 'Turning the Curve': a range of workstreams proposed to contribute to safely reducing the need for children to become looked after. • Appendix proposal to 'Turning the Curve': Proposal to develop an Edge of Care Service for adolescents • Invest to Save proposal: Commissioning and Market Management • Review of Children's Centres and Commissioned Family Services |
| City Development | <ul style="list-style-type: none"> • Staffing reductions across the City Development directorate • Street Lighting: adaptive lighting via a Central Management System |
| Communities, Housing and Environment | <ul style="list-style-type: none"> • Cease bonfires and firework displays • Introduction of car parking charges at relevant parks and attractions |
| Resources | <ul style="list-style-type: none"> • Review of Network Management Centre |

12. It should be noted that an additional service review is also part of the December proposals this relates to Little Owls Nurseries. This proposes to amalgamate four settings, close one setting, review the potential to close another four, and to commission a wider review of the council's provision. This proposal would save £1.2m in 2023/24, with further savings anticipated from 2024/25 subject to the results of the wider review. However, due to the significant projected overspend in the service, while the 2023/24 savings achieved from this proposal would help to reduce that overspend, they would not contribute to the projected wider £65.7m projected gap for 2023/24.
13. Paragraph 4 notes the reduction in staffing that has taken place since 2011 as a result of the ongoing budget challenge and the savings proposals being considered in the working groups continue the trend of reduced staffing within the Council. The following table sets out the net impact of the proposals on budgeted full time equivalent posts (FTEs) in 2023/24:

| Directorate | 2023/24 |
|------------------------------|-----------------------|
| Adults & Health | 7.0 |
| Children & Families | 5.2 |
| City Development | At least -13.0 |
| Communities, Housing & Env't | 0.0 |
| Resources | -63.8 |
| Total | At least -64.6 |

14. The proposals published in the October and December savings proposals reports impact on all five scrutiny board remits and where service reviews are proposed more detail is provided in Appendix B to this report. This includes an executive summary, details of who additional consultation will be with, equalities diversity, cohesion and inclusion screening and the level of projected savings for each service review proposal.

15. Services that sit within the Board's remit from a budgetary perspective are as follows:

- a. **Adults and Health**
- b. **City Development:** Active Travel, Sport and Active Lifestyles only

What impact will this proposal have?

- 16. Engagement with Scrutiny in relation to the budget proposals is in line with the requirements of the Budget and Policy Framework. A summary of the deliberations of the five scrutiny boards is required to then be provided to the Executive Board for consideration on 8 February 2023. The Executive will be expected to report to Council on how it has taken into account any recommendations from the Scrutiny Board.
- 17. Outside of the formal requirements for consultation, additional engagement such as that provided through the December 2022 budget working groups provides the opportunity for scrutiny members to add value to the budget setting process.
- 18. Ongoing scrutiny of financial matters supports the Council in delivering a robust, sustainable budget, which reflects the strategic objectives set out in the Best City Ambition, along with the aspiration to be an enterprising, efficient, healthy and inclusive organisation.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Zero Carbon

- 19. The role of scrutiny as a 'critical friend' on financial performance and management helps provide assurance that resources are available and aligned to the aspirations of the Best City Ambition and the associated delivery of the three pillars; Health and Well Being, Inclusive Growth and Zero Carbon.

What consultation and engagement has taken place?

| |
|--|
| <p>Wards Affected: Please state the specific wards affected here. If city-wide, state "All" for clarity.</p> <p>Have ward members been consulted? <input type="checkbox"/>Yes <input checked="" type="checkbox"/>No</p> |
|--|

- 20. As already noted, in addition to this formal consideration of the budget proposals for 2023/24 and provisional budgets for 2024/25 and 2025/26 all five scrutiny boards held private working groups in December 2022.

What are the resource implications?

- 21. All resources, procurement and value for money implications are detailed in the Appendices to this report

What are the key risks and how are they being managed?

- 22. This report has no specific risk management implications.

What are the legal implications?

- 23. This report has no specific legal implications.

Options, timescales and measuring success

What other options were considered?

24. The budget consultation process has been developed in conjunction with elected members and relevant senior officers.
25. An enhanced process of consultation is intended to add value by allowing greater capacity for members to consider the detail of budgetary proposals.

How will success be measured?

26. As in previous years, feedback from elected members on the process of budget consultation will be used to inform the approach to such consultation in future years.

What is the timetable and who will be responsible for implementation?

27. The Executive Board formally referred the initial budget proposals to Scrutiny at its meeting on 14 December 2022.
28. Scrutiny Boards conducted a series of working groups in December 2022 and this report provides the platform for the formal, public consultation process that will take place across all scrutiny boards in January cycle of board meetings.
29. A summary of the deliberations of Scrutiny will be submitted for consideration by Executive Board on 8 February 2023 before the final budget proposals are referred for consideration by full Council on 22 February 2023.

Appendices

30. Appendix A – **Proposed Budget for 2023/24 and Provisional Budgets for 2024/25 and 2025/26.**
31. Appendix B - **Revenue Savings Proposals for 2023/24 to 2025/26** (14 December 2022). Please note that the **Revenue Savings Proposals** from 19 October 2022 are appended to this report.

Background papers

32. None