

Date of meeting: 09 February 2023
Title of Report: **Budget 2023/24 - Proposed**
Lead Member: Councillor Richard Bingley (Leader)
Lead Strategic Director: David Northey (Interim Service Director for Finance)
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Your Reference: Fin/Bud/2023/24
Key Decision: Yes
Confidentiality: Part I - Official

Purpose of Report

Cabinet considered the Draft Budget for 2023/24 at its meeting on 17 January 2023 and the Budget Scrutiny Select Committee considered the budget proposals over three days from 24 to 26 January 2023. The report identified a residual budget shortfall of £0.617m. Since the last meeting, further work has been undertaken to enable this shortfall to be reduced to zero, resulting in a balanced budget proposal.

Under the Council's Constitution, Cabinet is required to recommend the Budget to Full Council, which will meet on 27 February 2023.

This report:

- provide an update on progress on the final development of a proposed balanced 2023/24 budget
- Sets out revenue budget planning assumptions in respect of funding, proposed and previously approved savings plans plus resource requirements for 2023/24 (see Section 1);
- Sets out capital budget planning assumptions for 2022/23 (see Section 2)
- Summarises cost pressures;
- Sets out the Capital Financing Strategy and the Treasury Management Strategy for 2022/23 (see Section 4)

Recommendations and Reasons

Subject to any final technical adjustments by the Section 151 Officer in consultation with the Leader, Cabinet recommends to Full Council:

1. The Revenue Budget 2023/24 of £217.440m
2. The endorsement of the use of capital receipts totalling £2.018m in line with the Flexible Use of Capital Receipts Policy as set out in 2.16 of the report.
3. The Capital Budget 2023/24 of £591.540m
4. The Treasury Management Strategy 2023/24 which includes a proposed an adjustment to the Minimum Revenue Provision (MRP) within 2023/24 revenue budget, as an amendment to the MRP Statement 2023/24 to release previous overpayment totalling £1m.

5. The Capital Financing Strategy 2023/24

Reason: setting a balanced budget is a statutory requirement. The obligation to make a lawful budget each year is shared equally by each individual Member, discharged through Council. Options for achieving a balanced budget have been considered in the preparation of the proposed budget set out in this report.

Alternative options considered and rejected

Setting a balanced budget is a statutory requirement. Options for achieving this have been considered in the preparation of the proposed Budget set out in this report. A final report will be presented to Full Council 27 February. An alternative option to freeze or not implement the maximum Council Tax increase or to not implement all or any of the Adult Social Care precept would leave a large budget gap to be closed. Options for closing would then require a drawdown of limited reserves, or further savings on top of the already unprecedented one-year savings of £23m, leading to other issues such as cuts to services.

Relevance to the Corporate Plan and/or the Plymouth Plan

The development and approval of the annual budget and the Medium Term Financial Plan (MTFP) is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

Implications for the Medium Term Financial Plan and Resource Implications:

The resource implications are set out in the body of the report. The Government have assumed we will maximise both the Council Tax increase and the Adult Social Care precept when referencing the Council's Core Spending Power.

Financial Risks

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £500m, and faces significant financial risks given the continuing uncertainty about resourcing from central government, the wider economic environment and the Council's comparatively low levels of financial reserves. Each savings proposal carries its own risks, the mitigation for which will be explored as they are developed.

The Council is under a legal obligation to set a balanced budget for each municipal year, and the Council's Section 151 Officer is required to produce a statement as part of the budget documentation giving their view as to the robustness of the proposed budget.

Carbon Footprint (Environmental) Implications:

The proposed Budget includes provision for a Climate Fund in the Capital Programme and the revenue budget takes account of the key implications and issues set out within the Corporate Carbon Reduction Plan 2022 and the Climate Emergency Action Plan 2022.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

The reducing revenue resources across the public sector has been identified as a key risk within our Strategic Risk register. As proposals are developed, officers will produce where relevant a risk register relating to the above areas specific to each proposal in order to inform decision making. The register will include mitigations of identified risks where necessary, and this will be reported as part of the decision-making process. The ability to deliver spending plans whilst supporting the Council's Child Poverty Action Plan and Health and Safety has been prioritised.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Movement from January 2023 Budget Update							
2	Additional Cost pressures and adjustments 2023/24							
3	Savings Proposals 2023/24 approved by Cabinet							
4	Indicative 2023/24 Directorate Budget							
5	Capital Programme							
6	Capital Programme future projects funding							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Draft Budget Report 2023-24 – Cabinet 10.11.22 and appendices							

Sign off:

Fin	p122.23.268	Leg	EJ/1098/8.2.23(3)	Mon Off	Click here to enter text.	HR	Click here to enter text.	Assets	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 07/02/2023											
Cabinet Member approval: <i>approved via email</i>											
Date approved: 07/02/2023											