



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

8 September 2022

Report of the Director of Finance & ICT

Preparation of Budget 2023-24
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To seek Cabinet approval for the proposed timetable for the Council's 2023-24 budget preparation and procedures and the associated consultation arrangements.

4. Information and Analysis

Preparation of Budget 2023-24

4.1 The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution. The Constitution requires that a timetable is publicised by Cabinet for making proposals to the full Council in relation to the annual Revenue Budget, along with arrangements for consultation with stakeholders, which should be for a

period of not less than six weeks. The proposed timetable is attached at Appendix 2.

4.2 A key element of the Council's budget setting process is consultation with stakeholders.

4.3 It is proposed to undertake the following consultation activities:

- The annual online "Your Council, Your Voice Survey", which will be available in hard copy on request. The consultation will run for six weeks during September and October 2022 to enable the findings to better align with the budget setting, Council Plan and service planning timetables. The survey will build on previous surveys which have been undertaken over the last three years, combining both budget and residents' consultation and enabling the tracking of residents' perception on a range of key issues.
- The consultation will be publicised as follows:
 - Direct survey e-mail to residents who have previously expressed an interest in being involved in further consultation with the Council.
 - Articles in the following e-newsletters/briefings/publications, should scheduling of the consultation allow: 'Members' News' Councillors' briefing, 'Our Derbyshire' employee newsletter and 'Derbyshire Now' Council's residents' magazine.
 - Facebook paid-for advertising campaign.
 - E-newsletter 'Community eNews'.
 - Media releases and blog/vlog.
 - Organic social media campaign on Twitter and Facebook.
- Whilst carrying out the survey provides useful public budget consultation information and enables tracking of changes over time, information gathered is limited to direct responses to the questions posed and therefore provides an overview, rather than a detailed understanding of the reasons behind respondents' choices. It is therefore intended to again undertake additional activity, to explore a number of issues in greater detail. This will begin with a series of virtual and face to face conversations and focus groups with residents, which will take place during the survey period. By inviting residents to be involved in this way, it is hoped that the Council will gain a better understanding of what residents think about the Council, their local area and which services are important to them and why.

- Residents who have expressed an interest in being involved in the survey will be invited to take part in focus group activity. As part of the approach for 2022, headline findings will be gathered and these will support the conversations and discussions with residents through focus group activity.
- As a result of this combined approach, the Council will have a blend of both quantitative and qualitative information available, to not only support this year's budget setting, Council Plan development and service planning but to also form the basis for further work, to build a better insight into residents' views about the Council, their local area and services.
- Statutory consultation with business ratepayers, corresponding with representatives of the East Midlands Chamber of Commerce, the Confederation of British Industry (CBI) East Midlands and the Nottinghamshire and Derbyshire Federation of Small Businesses (FSB) on the Council's budget proposals.
- Consultation with the trade unions at a Corporate Joint Committee.
- Consultation with the Council's Resources Improvement and Scrutiny Committee.

4.4 Cabinet will take account of the consultation when drawing up firm proposals to the Council. Results will be communicated after the consultation has ended.

4.5 As in previous years, an initial Equality Impact Assessment (EIA) will be undertaken at a corporate level. It is anticipated that this corporate assessment will help identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process. Alongside the budget consultation, the budget saving proposals in the updated Five Year Financial Plan will be considered to assess which proposals will need a separate targeted consultation with staff, the public and/or with current/potential service users. The outcomes of these processes will be reported to Council/Cabinet as part of the budget process and specific assessments/consultation outcomes reported to Cabinet before decisions are made on individual services.

Five Year Financial Plan

- 4.6 The Council's Five Year Financial Plan 2022-23 to 2026-27 (FYFP) is being updated during 2022-23.
- 4.7 The FYFP will be updated again as part of the budget setting process, to reflect the Government's Autumn Budget, the outcome of the Comprehensive Spending Review 2022, which, the Secretary of State for Levelling Up, Housing and Communities announced on 28 June 2022, will be a two-year funding settlement from 2023-24, and the Provisional Local Government Finance Settlement. Announcements are expected in November/December 2022.

Reserves

- 4.8 The Council has in place a Reserves Policy, which sets out the framework within which decisions will be made regarding the level of reserves. In line with this framework, the balance and level of reserves over the medium term are regularly monitored, to ensure they are adequate to manage the risk of the Council. This covers both the General and Earmarked Reserves.
- 4.9 A review of the Earmarked Reserves Position is being undertaken and the results will be included in a report to Cabinet in February 2023.

5. Consultation

- 5.1 Budget consultation proposals are included in Section 4 of the report.

6. Alternative Options Considered

- 6.1 Do nothing – the Council is required to outline its budget preparation timetable each year. Not doing this would be contra to Appendix 7 of the Council's Constitution – Budget and Policy Framework Procedure Rules, which requires that Cabinet will publicise a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. The consultation period shall in each instance be not less than six weeks.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Papers held electronically by Financial Strategy Section, Finance & ICT Division, County Hall.

9. Appendices

- 9.1 Appendix 1 – Implications
- 9.2 Appendix 2 – Budget Preparation Timetable

10. Recommendations

That Cabinet:

- 10.1 Approves the timetable for completion of the 2023-24 budget, including arrangements for consultation with stakeholders and the carrying out of an assessment of the need for a full equality impact assessment on budget saving proposals.
- 10.2 Notes the proposals for reviewing and updating the Five Year Financial Plan.
- 10.3 Notes the arrangements for reviewing Earmarked Reserves and updating the General Reserve projections.

11. Reasons for Recommendations

- 11.1 The Council's Constitution contains Budget and Policy Framework Procedure Rules, which must be followed when the Council sets its budget. These require that Cabinet will publicise a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. Cabinet must propose a budget by early February to allow the Council, should it so wish, to raise objections and refer the budget proposals back to Cabinet for further consideration, allowing time to finalise the precepts before 1 March.
- 11.2 When setting the budget, the Council must be mindful of the potential impact on service users. The consultation activities which are proposed in the preparation of the 2023-24 budget are relevant in this respect.

- 11.3 Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation). The high-level initial Equality Impact Assessment (EIA) which will be undertaken at a corporate level will help identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process.
- 11.4 The Council is responsible for approving the Five Year Financial Plan proposed by Cabinet.
- 11.5 Section 43 of the Local Government Finance Act 1992 requires precepting authorities in England and Wales to assess the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

12. Is it necessary to waive the call in period?

12.1 No

Report Authors:
Eleanor Scriven

Contact details:
Eleanor.Scriven@derbyshire.gov.uk

Implications

Financial

1.1 As outlined in the body of the report.

Legal

- 2.1 Under section 65 of the Local Government Finance Act 1992, as a major precepting authority, the Council has a statutory duty to consult ratepayer representatives on its annual expenditure proposals, ahead of setting its budget. Certain prescribed information must be sent to the persons the Council proposes to consult as soon as practicable and, in any event, not later than 15 February by virtue of the Non-Domestic Ratepayer (Consultation) Regulations 1992.
- 2.2 The Council also has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness and when determining how to discharge this duty has to consult representatives of a wide range of local persons.
- 2.3 In performing these statutory duties the Council must have regard to statutory guidance issued by the Secretary of State.
- 2.4 The obligations set out in the Budget and Policy Framework included in the Constitution are as outlined in the body of the report.
- 2.5 Case law has established minimum requirements of consultation, which are:
- Consultation must be at a time when proposals are at a formative stage.
 - Sufficient information must be given to permit a person to “give an intelligent consideration and response”.
 - Adequate time must be given for consideration and response.
 - The results of the consultation must be conscientiously taken into account in finalising any proposal and provided to the decision maker to inform their decision.

- 2.6 The type and extent of consultation must be proportionate to the potential impact of the proposals. The consultation exercise will be conducted in a timely fashion to enable sufficient time for the budget to be approved by Cabinet and Council in accordance with the timescales set out in the report.
- 2.7 The proposals set out in the report meets the necessary legislative and Constitutional requirements.

Human Resources

- 3.1 None.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 An initial Equality Analysis will be carried out in relation to the Council's proposed Revenue Budget Report 2023-24. This outlines the overall likely impacts upon the different protected characteristic groups and is based on those areas which have been identified for savings. It also reflects upon the ongoing work to develop cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by public sector partners.
- 5.2 Increasingly budget savings are resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they are likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this is because many of the Council's services are targeted at these groups and these services command the largest parts of the Council's budget. At the same time, other national and local changes are also likely to continue to affect these groups in particular. As indicated above, an initial budget Equality Analysis will be carried out. As explained above, this assessment helps identify areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.
- 5.3 Also as outlined in the body of the report.

Corporate objectives and priorities for change

- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 6.2 The Covid-19 pandemic has increased the financial uncertainty for all local authorities. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve balances to meet the costs of any unforeseeable events arising from the pandemic.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None.

Budget Preparation Timetable

September 2022	<p>Receipt of all 2023-24 departmental Revenue and Capital budget pressure bids for review by Director of Finance & ICT and Managing Director.</p> <p>Reporting of an assessment of whether the costs associated with the budget pressures approved as part of the setting of the 2022-23 Revenue Budget are higher or lower than expected will be included in the first quarter budget monitoring reports.</p>
September - October 2022	<p>Public budget consultation, forming part of the “Your Council, Your Voice Survey 2022”.</p> <p>Virtual and face to face conversations and focus groups with residents.</p>
October 2022	<p>Managing Director and Director of Finance & ICT to review and consider 2023-24 Revenue and Capital budget pressures and savings options identified by Executive Directors.</p> <p>Briefing of Executive Directors on Earmarked Reserves balances ahead of review meetings.</p> <p>Consideration of: priorities for 2023-24 Revenue and Capital spending; budget savings options; budget pressures and risks facing the Council.</p> <p>Results of public budget consultation available for informing the Council Plan and Service Plan refresh, Revenue and Capital Budget Reports and reporting in the Budget Consultation Report.</p>
November 2022	<p>Cabinet considers priorities for 2023-24 Revenue and Capital spending, budget savings and risks facing the Council.</p> <p>Improvement and Scrutiny Committee consultation.</p>

	<p>Analysis of the Government's Autumn Budget.</p> <p>Review of Earmarked Reserves meetings with Council Leader, Cabinet Members, Managing Director, Executive Directors and Director of Finance & ICT.</p>
December 2022	Government announces details of Provisional Local Government Finance Settlement.
January 2023	<p>Trade Unions consultation.</p> <p>Business Ratepayers consultation.</p>
15 January 2023	Deadline for Council Tax collection fund submissions to the Council by district/borough councils.
31 January 2023	Deadline for Council Tax taxbase and Business Rates submissions to the Council by district/borough councils.
2 February 2023	Cabinet considers report on final revenue/capital settlements, results of consultation/budget priorities, budget savings options, budget pressures, reserves position and Five Year Financial Plan and determines budgets and Council Tax recommendations to Full Council.
15 February 2023	Council debates Cabinet recommendations/ results of consultation and determines Revenue/Capital Budgets, including savings options and budget pressures and Council Tax level for 2023-24.
1 March 2023	Notification of precepts to district/borough councils.

* Dates in bold are statutory deadlines.