


<b>Report to:</b>	<b>FULL COUNCIL</b>
<b>Date:</b>	28 February 2023
<b>Cabinet Officer:</b>	<b>Deputy/Reporting Officer:</b> Councillor Jacqueline North – First Deputy (Finance, Resources & Transformation) Stuart Fair – Interim Director Of Finance (Section 151 Officer)
<b>Subject:</b>	<b>BUDGET 2023/24</b>
<b>Report Summary:</b>	<p>The report sets out the detailed revenue budget proposals for 2023/24 and the Medium Term Financial Plan for the 5 year period 2023/24 to 2027/28, including the proposed council tax increase for 2023/24.</p> <p>The budget report proposes a balanced net budget of £221.397m for 2023/24, subject to the delivery of significant identified budget reductions on Council Budgets, and a maximum increase in Council Tax.</p> <p>Government has provided another one-year financial settlement for Local Government, including some increases in funding. Whilst the additional funding is welcome, growth in cost and demand pressures continues to significantly exceed funding levels. As a result the budget can only be balanced with further budget reductions and the maximum 2.99% increase in Council Tax plus 2% Adult Social Precept.</p> <p>Government has provided indicative funding levels for the two year period 2023/24 and 2024/25 through Departmental Spending Limits, but with only a detailed one year financial settlement for 2023/24, planning for the medium term remains difficult. There remain a number of significant financial risks for 2023/24 and beyond which the organisation will need to manage during the forthcoming years.</p>
<b>Recommendations:</b>	That the recommendations outlined in <b>Section 14</b> of the report are approved.
<b>Links to Community Strategy</b>	The Budget aligns with the priorities of the Corporate Plan and Community Strategy.
<b>Policy Implications</b>	The budget reflects the policy choices that the Strategic Commission intends to pursue to support the Corporate Plan and Medium Term Financial Plan.
<b>Financial Implications (Authorised by the Director of Finance)</b>	These are the subject of the report.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	As set out in <b>section 13</b> .
<b>Risk Management:</b>	As set out in <b>section 5</b> and <b>Appendices 5 and 6</b> .
<b>Access to Information :</b>	Background papers relating to this report can be inspected by contacting: Caroline Barlow, Assistant Director of Finance,

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## 1. BACKGROUND

- 1.1. The Council set a balanced budget for 2022/23 in February 2022, but the process was yet again very challenging. This was achieved through the utilisation of one-off funding, very challenging budget reductions targets and an increase in Council Tax. The budget assumed limited pay inflation, no general inflation and funded known demographic and cost pressures in Adults and Children's Social Care, but with a challenging budget reductions target for Children's Services.
- 1.2. Since setting the Council Budget in early February 2022, the economic landscape has changed adversely, with significant inflationary pressures impacting both generally and in specific service areas. These changes present both cost pressures and challenges in delivering budget reductions and additional income targets, and, without a robust, proactive response, the Council is facing significant presenting risks to the delivery of a balanced position in 2022/23.
- 1.3. 2022/23 has been a year of significant change in the NHS, with the formation of Integrated Care Boards (ICB) which replaced Clinical Commissioning Groups (CCGs) from 1<sup>st</sup> July 2022. For Tameside registered patients, responsibilities have transferred to the Greater Manchester ICB. While commissioning responsibility for patients in Glossop has transferred to Derby & Derbyshire ICB, resulting in an alignment of healthcare commissioning footprints to those of the Local Authority, enabling more joined up health and social care services in the future.
- 1.4. During 2022/23, the Strategic Commission (Tameside Council and the Tameside locality of the Greater Manchester ICB) has continued to report on the financial position of the Tameside Health Economy as a whole in monthly Integrated Commissioning Fund (ICF) financial monitoring reports. As at the end of December 2022, the Strategic Commission is forecasting a net overspend of £1.958m due to significant inflationary pressures on utility costs and pay inflation, combined with ongoing demand pressures in Adults and Children's Social care services.

**Table 1: Strategic Commission 2022/23 Budget – Forecast Outturn Month 9**

Forecast Position £000's	Forecast Position (Net)			Net Variance	
	Budget	Forecast	Variance	Previous Month	Movement in Month
Adults	44,617	46,182	1,565	1,662	(97)
Children's Services	57,024	57,642	617	851	(234)
Education	7,200	8,057	858	1,066	(208)
Schools	0	0	0	0	0
Population Health	14,301	12,969	(1,332)	(1,366)	34
Place	28,438	34,791	6,352	6,476	(123)
Governance	9,614	9,452	(162)	(30)	(132)
Finance and IT	9,882	9,427	(455)	(356)	(99)
Quality and Safeguarding	106	97	(8)	0	(8)
Capital and Financing	4,513	2,525	(1,988)	(1,988)	0
Contingency	(2,959)	(5,937)	(2,978)	(2,978)	0
Corporate Costs	5,169	5,176	7	0	7
Levies	30,704	30,719	15	15	0
<b>TMBC Expenditure</b>	<b>208,609</b>	<b>211,100</b>	<b>2,491</b>	<b>3,352</b>	<b>(861)</b>

Forecast Position £000's	Forecast Position (Net)			Net Variance	
	Budget	Forecast	Variance	Previous Month	Movement in Month
Mental Health	6,912	6,510	(402)	(376)	(26)
Primary Care	36,097	36,108	11	58	(47)
Continuing Care	8,966	9,092	126	348	(222)
Community	27,076	27,412	336	356	(20)
NHS Estates	3,025	2,661	(364)	(364)	0
Efficiency Savings	240	0	(240)	(230)	(10)
<b>ICB Expenditure</b>	<b>82,316</b>	<b>81,783</b>	<b>(533)</b>	<b>(208)</b>	<b>(325)</b>
<b>Strategic Commission</b>	<b>290,925</b>	<b>292,883</b>	<b>1,958</b>	<b>3,144</b>	<b>(1,186)</b>

## 2. PURPOSE OF THIS REPORT

- 2.1. The purpose of this report is to set out and seek approval for the setting of a balanced budget for the Council for the financial year 2023/24, including a proposed Council Tax increase and an adult social care precept increase. This report also sets out forecasts for the years up to 2027/28.
- 2.2. Draft NHS allocations have been provided only at a Greater Manchester level and therefore the impact on Tameside cannot currently be fully assessed. The remainder of this report and the detailed appendices are focused purely on the Council Budgets.
- 2.3. The Council is required by law to set a balanced budget for the upcoming financial year. Provisional Council funding for 2023/24 was announced in the Provisional Local Government Finance Settlement in December 2022 and is expected to be confirmed in February 2023. The Council must set the budget and agree the level of Council Tax by 11 March 2023 at the latest.
- 2.4. The proposals set out in this report and the detailed appendices propose a balanced Council budget for 2023/24 subject to the delivery of identified budget reductions, and agreement of a proposed increase in Council Tax. **Appendix 1** provides a summary of the Council budget for 2023/24 and forecasts for future years. Budget summaries for each Directorate are included in **Appendices 7 to 13**.
- 2.5. Balancing the 2023/24 budget has only been possible through the agreement of challenging budget reductions, income generation and demand management. Demand and cost pressures are forecast to continue to increase during 2023/24 and as a result the Council still faces a significant budget gap in future years.
- 2.6. The delivery of a substantial programme of budget reductions in 2023/24 combined with significant financial pressures which may emerge from further demographic changes in Children's Social Care and Adults services means that delivery of the 2023/24 budget will be challenging, and will require an unrelenting and sustained focus on delivery of plans. The proposals do not, however, drawdown further on Council general fund reserves. This helps to protect the Council's overall reserves position during 2023/24.
- 2.7. This report makes reference to further detail in the appendices which cover the following areas:

**Appendix 1)** Revenue Budget and Medium Term Financial Plan Summaries

**Appendix 2)** Pressures and Growth

**Appendix 3)** Budget reductions and additional income

**Appendix 4)** Resourcing

**Appendix 5)** Section 151 Officer's Risk Assessment and Statement on the Robustness of the Budget Estimates

**Appendix 6)** Reserves Strategy and General Fund Minimum Balance

**Appendix 7)** Director of Adults

**Appendix 8)** Director of Children's Services

**Appendix 9)** Director of Population Health

**Appendix 10)** Director of Place

**Appendix 11)** Director of Governance

**Appendix 12)** Director of Finance and IT

**Appendix 13)** Corporate Budgets

**Appendix 14)** Dedicated Schools Grant

**Appendix 15)** Corporate Charging Policy

**Appendix 16)** Fees and Charges 2023/24

**Appendix 17)** Budget Conversation

**Appendix 18)** Treasury Management Strategy 2023/24

**Appendix 19)** Capital Investment

**Appendix 20)** Capital Strategy 2023/24

**Appendix 21)** Pay Policy 2023/24

### **3. SUMMARY OF THE COUNCIL BUDGET PROPOSALS (APPENDIX 1)**

- 3.1. The 2022/23 budget report included forecasts for 2023 to 2027 which identified a budget gap of £11.764m in 2023/24. This gap assumed that all budget reductions and additional income identified in the 2022/23 budget plans would be delivered, that expenditure in Adults and Children's Services would be contained within budget, and that budget reductions plans of £9m would be delivered.

**Table 2: Opening Budget Gap 2023/24**

	<b>Staffing &amp; Pay</b>	<b>Cost, Demand &amp; Other</b>	<b>Budget Reductions &amp; Efficiencies</b>	<b>Income &amp; Grants</b>	<b>Budget resourcing</b>	<b>TOTAL</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Opening Budget Gap (Feb 22)</b>	3,381	5,444	(2,891)	3,412	2,418	<b>11,764</b>

- 3.2. By early summer 2022, the rapid and adverse changes to the economic landscape had created additional budget pressures and was presenting major challenges to the delivery of planned budget reductions. Significant inflationary pressures, in particular on utility and fuel prices (£3.6m), presented a substantial additional cost to the Council with very limited options for mitigations in the short to medium term. The Local Government pay award for 2022/23 was also forecast to exceed the budget assumption by around £5m, resulting in further unavoidable cost pressures. The challenging economic environment meant that delivery of cost budget reductions and generation of additional income was increasingly difficult, resulting in a further negative impact on the budget of over £5m, reported at period 6.

- 3.3. Since the summer of 2022, there have been a number of changes to the budget gap for 2023/24. The key changes are summarised in table 3 below, with further information in this report and the detailed appendices.

**Table 3: Summary of the additional cost pressures for 2023/24**

	<b>Staffing &amp; Pay</b>	<b>Cost, Demand &amp; Other</b>	<b>Budget Reductions &amp; Efficiencies</b>	<b>Income &amp; Grants</b>	<b>Budget resourcing</b>	<b>TOTAL</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Opening Budget Gap (Feb 22)</b>	3,381	5,444	(2,891)	3,412	2,418	<b>11,764</b>
<b>Total Economic Pressures</b>	7,009	5,720				<b>12,729</b>
<b>Directorate Demand Pressures</b>	0	4,926	7,464			<b>12,390</b>

- 3.4. The significant budget pressures for 2023/24 have been mitigated through the identification of significant budget reductions, efficiencies, additional income and funding changes resulting from the LG finance settlement. Further detail is provided in Appendix 3 (Budget reductions and efficiencies) and Appendix 4 (Funding and resourcing).
- 3.5. This has resulted in a final proposed net budget of £221.397m including a 4.99% overall increase in Council Tax. The changes to the net budget are summarised in Table 4 below with further information on the changes in resources to fund the budget summarised in section 4 and Appendix 4.

**Table 4: Summary of 2023/24 Net Budget**

<b>2022/23 Net Budget</b>	<b>208,609</b>
<b>Staffing related cost pressure</b>	<b>12,805</b>
Demographic pressures	5,250
Inflationary pressures	14,220
Reduction in other fees/charges/income	990
Other service pressures	6,812
<b>Total Cost, Demand &amp; Other Pressures</b>	<b>27,272</b>
<b>TOTAL PRESSURES</b>	<b>40,077</b>
<b>Budget Reductions &amp; Efficiencies</b>	
Budget reductions	(10,554)
Budget resources redirected	(5,222)
<b>Total Budget Reductions</b>	<b>(15,776)</b>
Efficiency Factor	(3,814)
<b>TOTAL BUDGET REDUCTIONS &amp; EFFICIENCIES</b>	<b>(19,590)</b>
<b>Income &amp; Grants</b>	

New funding	(5,949)
Fees & charges	(1,750)
<b>TOTAL INCOME AND GRANTS</b>	<b>(7,699)</b>

<b>2023/24 Net Budget</b>	<b>221,397</b>
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3.6. Key assumptions underpinning the budget for 2023/24 include:

- 2.99% increase in general Council Tax
- 2% Adult Social Care Precept on Council Tax
- Council Tax collection rate reduced by 0.5%
- Growth in Council Tax base (Housing Growth)
- Pay inflation in 22/23 funded
- Utility cost inflation in 22/23 funded plus further allowance for increases in 23/24
- No general allowance for inflation
- All non-statutory charges to be increased at least 6.6% (reflecting increases in pay costs)
- Return of Levies and GMCA budgets of approximately £1.3m
- Existing budget reductions plans either delivered or mitigated with alternatives
- New budget reductions proposals delivered in 23/24 to mitigate demand and cost pressures

3.7. Key assumptions underpinning the future projections include:

- All budget reductions plans are delivered
- Demand in Children's Social Care is stabilised
- Demographic and cost pressures in Adults expected to increase in future years
- Limited allowance for care provider inflation
- Minimum 1.99% Council Tax increase each year
- Average amount of new housing growth
- Stable business rates base
- No further increases in government funding
- Any change to Local Government funding formula will not be detrimental

3.8. There remains a significant budget gap in 2024/25 of £13.993m, which increases to £37.465m by 2027/28. This forecast gap is predicated on the assumptions set out above and will continue to be reviewed and revised over the course of the year as future forecasts are refined.

### **Budget pressures (Appendix 2)**

- 3.9. The Council continues to face significant cost pressures from demographic growth and increased costs. The key cost pressures for 2023/24 have been reviewed and assumptions recalculated and are summarised in tables 4 and 5 below, with further detail in **Appendix 2**.
- 3.10. Budget pressures for 2023/24 and future years have been reviewed and revised, resulting in an overall net increase in pressures, particularly in Adults services. Provision has been made in future years for further growth and these estimates will be subject to review during 2023. This includes a commitment to implement the Real Living Wage funded from overall Council resources including Adult Social Care precept. The following table illustrates the budget pressures by Directorate.

**Table 5: Analysis of Total Pressures by Directorate 2023/24**

	Adults	Children's	Population Health	Quality & Safeguarding	Place	Finance & IT	Governance	Corporate	Total
Staffing related cost pressure	3,760	1,841	52	16	1,801	594	815	3,926	12,805
Demographic Pressures	2,000	1,716	0	0	0	0	0	1,534	5,250
Inflationary Pressures	6,721	0	234	0	297	0	0	6,968	14,220
Other service pressures	0	2,174	0	0	2,165	17	0	2,456	6,812
Reduction in other fees/charges/income	0	0	0	0	990	0	0	0	990
<b>Total</b>	<b>12,481</b>	<b>5,731</b>	<b>286</b>	<b>16</b>	<b>5,253</b>	<b>611</b>	<b>815</b>	<b>14,884</b>	<b>40,077</b>

### Budget reductions (Appendix 3)

- 3.11. The budget for 2023/24 includes a number of budget reductions and additional income, including the full year effect of budget reductions identified in previous years. The nature of budget reductions is summarised in Table 5 below with further information contained in **Appendix 3**.

**Table 6: Budget reductions and Additional Income 2023/24**

Budget Reductions and Additional Income	2023/24
<b>Budget Reductions &amp; Efficiencies</b>	
Budget reductions (Appendix 3)	(10,554)
Budget resources redirected (Appendix 3)	(5,222)
<b>Total Budget Reductions</b>	<b>(15,776)</b>
Efficiency Factor	(3,814)
<b>TOTAL BUDGET REDUCTIONS &amp; EFFICIENCIES</b>	<b>(19,590)</b>
<b>Income &amp; Grants</b>	
New funding (Appendix 4)	(5,949)
Fees & charges	(1,750)
<b>TOTAL INCOME AND GRANTS</b>	<b>(7,699)</b>

- 3.12. **Budget reductions to be delivered by management of £10.554m** have been identified for 2023/24. Proposed budget reductions have been subject to robust review and challenge by Finance, Senior Officers and Members and this review process will continue to monitor the delivery of budget reductions and identify new budget reductions for future years. In addition, a number of budgets have been redirected to support cost pressures. When these 2 are combined, this results in total expenditure reductions of **£15.776m**. An increase in the efficiency factor of £3.814m, results in **total expenditure reductions and efficiencies of £19.590m**. Further analysis of budget reductions is set out in **Appendix 3**.
- 3.13. Further directorate budget reductions are being sought in relation to the better management of demand or increasing productivity, which will seek to absorb additional or emerging pressures.
- 3.14. Budget reductions identified across directorates are significant and will require a relentless focus on delivery. Progress on delivery will be reported through Star Chamber and on to Executive Board, with early action taken to ensure that the proposals remain on track. The lack of a multi-year settlement makes it difficult to provide detail for future years, however the full year effect of planned budget reductions has been factored in where possible, as set out in Table 7 below.

**Table 7: Budget reductions by Directorate**



Savings by Directorate	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Adults	2,550	1,101	500	100	0
Children's	4,234	(55)	(0)	0	0
Population Health	221	0	0	0	0
Quality & Safeguarding	0	0	0	0	0
Place	2,123	931	0	0	0
Finance & IT	100	0	0	0	0
Governance	161	(116)	0	0	0
Corporate	6,387	(1,650)	(100)	0	0
<b>Total</b>	<b>15,776</b>	<b>211</b>	<b>400</b>	<b>100</b>	<b>0</b>

- 3.15. The Council must continue to make efficiencies but cannot keep cutting at this scale over the longer-term. There is a need to continue to rescale underlying demand across high cost areas. This will require innovative and creative remodelling of services with the need to invest in transformation capacity and capability.
- 3.16. Some of the areas to be prioritised for this work include:
- Management of the cost and demand in Children's and Adults Services by ongoing reform and transformation
  - Cross-organisational approach to developing accommodation and sustainable housing options
  - Development of a recruitment and retention plan
  - Digital transformation, investing in modern, fit-for-purpose technologies to transform services and achieve efficiencies
  - Income optimisation to achieve corporate objectives
  - Agile and focused approach to respond to, and maximise, funding opportunities
  - One organisational approach to supporting our most vulnerable to positively address the challenges of complex dependency and poverty

### Dedicated Schools Grant (DSG)

- 3.17. The provisional DSG settlement for Tameside for 2023-24 of £257.527m was received on 16 December 2022, with accompanying essential data released on 20 December 2022. All DSG funding must be deployed to schools and / or pupils in accordance with the School and Early Years Finance (England) Regulations 2023.
- 3.18. In addition to DSG, the government has announced it will invest an extra £2.3 billion per year in schools over the next two years. The actual increase to the education budget is £2 billion after an adjustment has been made to remove the element that related to the Health and Social Care Levy.
- 3.19. For Tameside, a Mainstream Schools Additional Grant (MSAG) for 2023-24 has been allocated totalling £6.915m. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. Additional funding of £1.636m has been allocated to support the High Needs Block.
- 3.20. Table 8 provides the breakdown of the provisional settlement for the four blocks within the DSG announced in December 2022, compared with the 2022-23 latest settlement figures.

### Table 8: Dedicated Schools Grant at December 2022

DSG Blocks	2022-23 £000	2023-24 £000	Increase £000	% Increase	Additional Funding £000
Schools Block (includes Academies) *	196,372	201,052	4,680	2.38%	6,915
High Needs Block (before recoupment) **	32,843	37,144	4,302	13.10%	
Early Years Block	17,304	18,082	778	4.49%	
Central Services Block (CSSB)	1,182	1,249	67	5.66%	
<b>Total Funding Including Growth</b>	<b>247,701</b>	<b>257,527</b>	<b>9,826</b>	<b>3.97%</b>	<b>6,915</b>

#### 4. RESOURCING CHANGES AND COUNCIL TAX (APPENDIX 4)

- 4.1. The Council identifies a 'Net' budget requirement which consists of the gross expenditure budgets, less the gross income budgets for service specific income including fees, charges and specific government grants. This net budget requirement is then financed from non-service specific income such as business rates, reserves, Council Tax and other resources (including general grants and other funding) which is referred to as 'resourcing'.
- 4.2. **Appendix 4** sets out the various funding sources and changes in funding since last year. Overall funding levels have increased, with additional income from business rates and Council Tax, an improved Collection Fund position and new funding in the Provisional Local Government Finance Settlement. The current Government expects Councils to increase Council Tax year on year, and the provisional Local Government Finance Settlement assumes that the Council adopts an overall 4.99% increase in Council Tax for 2023/24. For 2023/24 there is a 2.99% referendum limit on general Council Tax increases, plus the ability to increase by a further 2% for the Adult Social Care precept
- 4.3. As set out in section 3 above and Appendix 2, the Council faces huge budget pressures due to demographic changes, increasing demand for services, and rising costs due to both pay and general inflation. Whilst the provisional Local Government Finance Settlement offers some welcome increases in funding levels, this does not match inflationary cost pressures, or the increasing level of demand, particularly in Adults and Children's Social Care Services.
- 4.4. After taking account of budget reductions, additional funding and income, the remaining budget gap will need to be closed with a 2.99% general increase in Council Tax and 2% Adult Social Care Precept.
- 4.5. The resourcing for 23/24 and future year forecasts is based on the following key assumptions:
  - The continuation of the 100% retention pilot for Business Rates income in 2023/24. No reduction in the business rates base and reduced allowance for losses on appeals. Top up grant and mandatory relief reimbursement grant is paid in line with the provisional local government finance settlement.
  - New Homes Bonus grant is paid in line with the provisional local government finance settlement.
  - The cumulative Council Tax collection rate has been reduced by 0.5% (from 97% to 96.5%) compared to previous year. This is due to the expected impact of the cost of living crisis on Council Tax Collection. Future housing growth is expected to continue in line with recent average growth.

- The 23/24 budget is supported by the use of £2.5m general Local Authority Covid grant from reserves (as in 22/23 and planned for 23/24) and return of £2.4m of GMCA waste reserves (Giving a net benefit of £1.3m from GMCA sources).
- New funding provided in 2023/24 is baselined in future years but with no general further growth.
- No changes are anticipated to the Local Government Funding Formula before 2025/26.

### **Council Tax**

- 4.6. After taking account of budget pressures, additional income and budget reductions identified for delivery in 2023/24, the total net budget requirement for the Council is £221.397m. Before any increase in Council tax levels, the resource available in 2023/24 is £216.155m, leaving a gap of £5.241m.
- 4.7. **Appendix 4** provides further detail on resourcing and Council Tax. This remaining budget gap of £5.241m can be closed with a 2.99% general increase in Council Tax (1.99% had previously been assumed in the MTFP) and a 2% Adult Social Care Precept.
- 4.8. For a typical band A property in Tameside a 4.99% increase in Council Tax on the Tameside element of the bill will equate to an increase of £54.96 per year, or £1.06 per week.

## **5. ROBUSTNESS OF THE BUDGET ESTIMATES (APPENDIX 5) AND RESERVES (APPENDIX 6)**

- 5.1. The Council is required by law to set a balanced budget for the upcoming financial year. This balanced budget must be based on sound and sustainable assumptions about income and expenditure, the delivery of budget reductions and use of reserves.
- 5.2. Under Section 25 of the Local Government Act 2003, the Section 151 Officer is required to prepare a statement on the adequacy of the proposed financial reserves and the robustness of the budget estimates.
- 5.3. The Director of Finance (Section 151 Officer) statement on the robustness of the budget estimates is set out in **Appendix 5**.
- 5.4. The statement concludes that:

*In the light of the risk assessment and the details of the budget as set out in this report, which are based on the best information available at the time, and the strength of the Council's Internal Control Systems, it is the opinion of the Section 151 Officer as the Director of Finance that the budget estimates for 2023/24 are robust, and the level of reserves adequate for the time being.*

*However, the Council faces a significant budget gap beyond 2023/24, and this budget gap will increase if planned budget reductions and efficiencies are not delivered in 2023/24. The Council must ensure a relentless focus on delivery of budget reductions, to have any chance of closing the gap in future years. The Council has made use of reserves over the last few years, to provide services with the time to improve, but this is not sustainable in the long run and the Council needs to ensure robust and transparent transformation of services, and reduction of demand, to ensure the delivery of the improvement plans in place.*

*This statement is in compliance with Section 25 of the Local Government Act 2003. This is not a guarantee that spending will be within every budget line but it is reasonable to believe that the expenditure can be contained within the overall resource envelope agreed by the Council.*

- 5.5. Section 26 of the Local Government Act 2003, places a duty on the Section 151 Officer to ensure the Council has established a minimum level of reserves to be retained to cover any

unforeseen demands that could not be reasonably defined within finalising the proposed budget. The Director of Finance is recommending a proposed minimum level of general fund balances from 1 April 2023 at £27.537m, which is an increase on the level assessed in 2022. The increase reflects the increase in the level of financial risk facing the Council in respect of cost inflation and delivery of an ambitious budget reduction programme. Further information is set out in the reserves strategy in **Appendix 6**.

### **Targeted use of reserves**

- 5.6. Reserves are a finite resource and continued use is equivalent to a household running down its savings. They should therefore be used strategically and it is important that the Council holds a robust position on the level of reserves held. In 2023/24 there is only one area of investment which will continue to be financed from the targeted use of reserves. This targeted use of reserves is an investment in services which were agreed in previous years and built into our plans. Their use will enable developments to be brought forward and allow time for actions to be taken to stabilise budgets.

**Table 9: Targeted Use of Reserves 2023/24**

<b>Targeted Use of Reserves</b>	<b>£000s</b>
Place (Local Plan)	176
<b>Total</b>	<b>176</b>

## **6. CORPORATE CHARGING POLICY AND FEES & CHARGES 2023/24**

- 6.1. **Appendix 15** is the Corporate Charging Policy which was adopted in February 2022. This Corporate Charging Policy establishes principles and a framework for setting and reviewing non-statutory fees and charges, and has been used to review fees and charges during the year. No changes have been made to the policy since adoption.
- 6.2. **Fees and charges** are reviewed annually to ensure that they are set at appropriate levels, seeking to ensure costs are recovered, and that they are comparable to similar authorities across Greater Manchester. Fees and Charges are usually uplifted annually by a minimum percentage, unless there are indications that the market conditions require a greater or lesser increase. In addition, a number of fees and charges are set nationally and cannot be influenced by the Council.

### **Fees and charges 2023/24**

- 6.3. For 2023/24 the default position has been to increase fees and charges by the average increase in staffing costs or by adopting a full cost recovery methodology, as appropriate to the circumstances and in line with the Corporate Charging Policy. Uplifts of more or less than this percentage are applied where this does not reflect increases in costs or where the market determines a greater or lesser percentage is appropriate. **Appendix 16** sets out the proposed fees and charges for 2023/24 and the proposed increase for 2023/24 where relevant.

## **7. BUDGET CONVERSATION (APPENDIX 17)**

- 7.1. It is important that Tameside Council understands the priorities of the public – local residents, businesses, patients and service users. A public engagement exercise was launched between 14 December 2022 and 20 January 2023 to understand their priorities for spending within the context of the financial challenges facing public services.
- 7.2. Members of the public were encouraged to fill out the online survey to have their say on what they feel our spending priorities should be for 2023-24, as well as any ideas for making savings or efficiencies. The consultation was promoted on a number of different platforms:

- The Big Conversation, the authority's dedicated webpage where current consultation and engagement pieces are promoted based on relevance to the local community.
- Through the Partnership Engagement Network (PEN) a network of frequently engaged members of the public, VCFSE groups, community representatives and professionals from public bodies.
- Social media – the Council's Twitter and Facebook accounts have a combined followership of 50,000.

7.3. A total 35 responses were received on the online survey. Feedback identified spending priorities focused on Adults and Children's services, including preventative services and services for the elderly, waste collection, highways and the local environment, and investment and regeneration of the local area. Suggestions were made to reduce spending on staffing and buildings, and to generate growth by attracting more businesses to Tameside.

7.4. These suggestions have been considered as part of the Budget setting process and will continue to be considered as part of ongoing reviews of service delivery and spending.

#### **Statutory Consultation.**

7.5. The Council also has a statutory duty to consult with businesses and other representatives of non-domestic ratepayers on its annual spending proposals. Businesses have had an opportunity to take part in the budget conversation, and this is being supported by a further process of sharing the Executive Cabinet budget 2023/24 report when published with non-domestic ratepayers with a deadline of 16 February 2023 for them to provide any comments which can then be considered in the report to Full Council.

#### **Council Scrutiny**

7.6. Members of the Council's scrutiny panels were also invited to consider this year's budget position and the proposals set out in this report. Feedback has been collated and shared with the Director of Finance.

### **8. TREASURY MANAGEMENT STRATEGY 2023/24 (APPENDIX 18)**

8.1. The Treasury Management service is an important part of the overall financial management of the Council's affairs. At 31 March 2022 the Council had £144m of investments which need to be safeguarded and £140m of long term debt, which has been accrued over the years to help to fund the Council's capital investment programmes. The significant size of these amounts requires careful management to ensure that the Council meets its balanced budget requirement under the Local Government Finance Act 1992. Generating good value for money is therefore essential, in terms of both minimising the cost of borrowing and maximising the return on investments.

8.2. Under the Local Government Act 2003, the Department for Communities and Local Government issued in March 2010 revised "Guidance on Local Government Investments". The 2003 Act requires an authority "to have regard" to this guidance. Part of this guidance is that "A local authority shall, before the start of each financial year, draw up an Annual Investment Strategy for the following financial year, which may vary at any time. The strategy and any variations are to be approved by the full Council and are to be made available to the public." This strategy is set out in **Appendix 18**.

8.3. The Treasury Management Strategy also sets out the estimated borrowing requirement for Tameside MBC, together with the strategy to be employed in managing the debt position. The costs of servicing the Council's long term debt balances, and the income earned on investment balances forms part of the Capital and Financing Budgets within Corporate Services.

## 9. CAPITAL INVESTMENT AND CAPITAL STRATEGY

- 9.1. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources. Any additional priority schemes that are put forward for consideration and that are not fully grant funded will need to be evaluated, costed and subject to separate Member approval. There will be a revenue cost for any new capital schemes that are not fully funded from alternative sources and the implications of this will need to be carefully considered, given the on-going pressures on the revenue budget. The current approved and earmarked programme is set out in **Appendix 19**.
- 9.2. The CIPFA Prudential Code (revised 2017) requires that the Council produces an annual Capital Strategy. The Strategy provides a long term context in which capital decisions are made, the approach for governance for those decisions, and also information on the Council's approach towards treasury management and other investments. The Capital Strategy for 2023/24 is attached at **Appendix 20**.
- 9.3. The Capital Strategy is the Council's framework for the allocation and management of capital resources within the authority, which takes account of the Council's key priorities in the Corporate Plan. It forms a key part of the Council's integrated revenue, capital, and balance sheet planning with a view towards deliverability, affordability, and risk.
- 9.4. The Capital Strategy identifies the current capital programme and the processes that are carried out to maintain an ongoing investment plan together with the links between its objectives and that of the Corporate Plan. It also gives an insight into how the strategy might develop in terms of achieving the priority outcomes in the next 5-10 years and beyond.

## 10. LOOKING FORWARD – THE FIVE YEAR PLAN

- 10.1. Whilst the budget proposals for 2023/24 present a balanced position (after Council Tax increases) the projected gap for 2024/25 and beyond is significant and relies on the delivery of all proposed budget reductions identified as part of this budget process. The gap is primarily driven by forecast demographic and other cost pressures, particularly in Adults services, along with continued pressures in Children's Social Care services, and general inflationary pressures on pay and utilities.

**Table 10: Five Year Council Budget Forecast**

Five Year Forecast	2023/24 '£000	2024/25 '£000	2025/26 '£000	2026/27 '£000	2027/28 '£000
<b>Proposed total budget for year</b>	221,397	231,872	243,005	254,442	265,863
<b>Total resources</b>	(221,397)	(217,879)	(220,231)	(224,156)	(228,398)
<b>Imbalance (surplus)/deficit cumulative</b>	0	13,993	22,774	30,286	37,465

### **Delivery of future budget reductions**

- 10.2. The budget forecasts for 2024/25 and beyond assume that the £15.776m of budget reductions planned for 2023/24 are delivered in full or mitigated with alternative proposals. This budget reductions programme is ambitious and will require relentless focus on planning, project management and delivery.

## 11. EQUALITIES IMPACT ASSESSMENT

- 11.1. The Council is required to prepare a balanced budget for 2023/24. Wherever possible, the budget proposals seek to minimise costs and maximise efficiencies, whilst protecting public services. The Council has a specific equality duty to assess the likely impact of proposed policies and practices on protected groups under equality legislation to ensure that decisions are taken with due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.
- 11.2. The budget proposals include a number of budget reductions proposals across service areas which may have a direct or indirect impact on groups of people with protected equality characteristics. When submitting budget reductions proposals, service areas were required to submit a detailed template assessing the budget reductions proposal, including the anticipated impact of the budget reductions and whether an Equalities Impact Assessment was required. Services have or will undertake Equalities Impact Assessments where they have determined that the proposals will have an impact on service delivery.
- 11.3. The proposed increase in Council Tax will affect every household in the borough. Each year the Council aims to set a fair level of council tax as part of the balance between protecting public services within the resources available to finance the budget. The Council continues to operate a Council Tax support scheme for those on low incomes and we are satisfied that the potential negative impact of a Council Tax increase (section 4) is minimal and will continue to be monitored.

## **12. PAY POLICY STATEMENT (APPENDIX 21)**

- 12.1. The Pay Policy Statement for 2023/24 is set out in **Appendix 21**. It sets out the Council's approach to pay policy in accordance within the requirements of Section 38 of the Localism Act 2011. This pay policy applies for the year 2023/24 unless replaced or varied by Full Council.
- 12.2. It does not cover teaching staff whose salaries and terms and conditions of employment are set by the Secretary of State. Academy Schools are an entirely separate legal entity from the Council and are covered by Academies Act 2010 and as a separate employer are responsible for setting salaries for their employees.
- 12.3. The purpose of the Pay Policy Statement is to ensure transparency and accountability with regard to the Council's approach to setting pay. The Pay Policy Statement has been approved by Council and is publicised on the Council's website in accordance with the requirements of the Localism Act 2011 in March each year.

## **13. LEGAL CONSIDERATIONS**

- 13.1. The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer. The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.
- 13.2. Within this overall framework, there is of course considerable scope for discretion. Members will bear in mind that in making the budget; commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future

years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments however impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes. Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored.

- 13.3. Under the Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the statutory Chief Finance Officer, and the Monitoring Officer. Section 114 of the Local Government Finance Act 1988 obliges the Chief Financial Officer to prepare a report (to full Council) if it appears that the expenditure the Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure.
- 13.4. Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration. Under section 25 of the Local Government Act 2003 the Chief Financial Officer is now required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council.
- 13.5. Section 91 of the Local Government Act 2000 provides that an External Auditor may issue an "Advisory Notice" if s/he has reason to believe that an Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both. A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. In addition to advising on the robustness of the estimates as set out above, the Chief Financial Officer is also required to report on the robustness of the proposed financial reserves.
- 13.6. Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. In broad terms this means that the Council has a duty to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations. In carrying out the work to identify proposals for 2023/24 officers will have due regard to how the equality duty can be fulfilled in relation to the proposals overall. Detailed consultation processes and equality impact assessments will be carried out for specific proposals prior to final decisions being made where required.
- 13.7. The Localism Act and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 introduced "Disclosable Pecuniary Interests" and new rules on the grant of dispensations to allow Council Members to take part in or vote on matters in which they have a Disclosable Pecuniary Interest ("DPI"). Where a Member has a DPI, they cannot speak and/or vote on a matter in which they have such an interest, unless they have obtained a dispensation in accordance with the requirements of section 33 of the Localism Act. The grounds for the grant of a dispensation under section 33(2) of the Localism Act are, if, after having regard to all relevant circumstances, the Council considers that:
  - Without the dispensation the number of Members prohibited from participating/voting in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business.
  - Without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business.



- The grant of the dispensation would be in the interests of the inhabitants of the borough.
  - Without the dispensation every Member of the Executive would have a DPI prohibiting them from participating/voting in any particular business to be transacted by the Executive.
  - It is otherwise appropriate to grant the dispensation.
- 13.8. At its meeting on 18 September 2012, the Council delegated to the Monitoring Officer the power to grant dispensations. Any grant of a dispensation must specify how long it lasts for, up to a maximum period of four years. Previously, the old “national” model Code of Conduct for Members specifically stated that Members would not have a prejudicial interest in certain circumstances that potentially affected the majority or a large number of Members. These general exemptions included an interest in any business of the Council which related to setting Council Tax or a precept under the Local Government Finance Act 1992. The new arrangements on DPIs introduced by the Localism Act do not reproduce any of the “general exemptions”.
- 13.9. All Members are likely to have a pecuniary interest in relation to the setting of the Council Tax through their ownership / occupation of property in Tameside in common with any resident of the Borough or indeed anyone who stands as a Councillor. In the Monitoring Officer’s opinion, the transaction of business relating to these matters would be impeded unless a dispensation was granted.
- 13.10. In these circumstances, the Monitoring Officer intends to grant dispensations to all members to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations). It will be necessary for all councillors to apply for dispensations to take part in the meeting at Full Council.

## 14. RECOMMENDATIONS

### 14.1. Full Council are asked to:

- a) Note the significant financial challenges and risks set out in this report;
- b) **Approve** the budgeted net expenditure for the financial year 2023/24 of £221.397m as set out in section 3 and **Appendix 1**, noting the significant pressures outlined in **Appendix 2**;
- c) **Approve** the proposed budget reductions to be delivered by management outlined in section 3 and **Appendix 3**.
- d) **Approve** the uplifts to fees and charges as set out in **Appendix 16**;
- e) **Approve** the proposed resourcing of the budget as set out in **Appendix 4**;
- f) **Approve** a 2.99% increase to Council Tax and an increase of 2% in respect of the Adult Social Care precept for 2023/24;
- g) Note that the budget projections set out in section 6 assume a 1.99% per annum increase in general Council Tax from 2024/25 through to 2027/28. The budget projections also assume that there is no reduction to current levels of Government funding;
- h) **Accept** the Director of Finance’s assessment of the robustness of the budget estimates and adequacy of reserves as set out in **Appendix 5**. Following this,

determine that the estimates are robust for the purpose of setting the budget and that the proposed minimum General Fund Balance is adequate;

- i) **Approve** the proposed minimum General Fund Balance of £27m set out in **Appendix 6**;
- j) **Approve** the Reserves Strategy and note the projected reserves position as set out in **Appendix 6**;
- k) **Approve** the Schools Budgets for 2023/24 as set out in section 3 and **Appendix 14**;
- l) **Approve** the Treasury Management Strategy 2023/24, which includes the proposed borrowing strategy, Annual Investment Strategy and Minimum Revenue Provision Policy (**Appendix 18**);
- m) Note the position on the Capital Programme (Section 9 and **Appendix 19**) previously approved by Executive Cabinet, and the forecast future investment requirements;
- n) **Approve** the Capital Strategy 2023/24 (**Appendix 20**).
- o) **Approve** the Pay Policy Statement for 2023/24 as set out in section 12 and **Appendix 21**;
- p) **Approve** delegated authority to the Directors (in consultation with the Section 151 officer) to agree any uplifts required to other contractual rates from 1 April 2023 which Directorates will manage within their approved budgets for 2023/24.