

<b>Report to:</b>	<b>COUNCIL</b>
<b>Date:</b>	22 February 2022
<b>Executive Member/Officer of Strategic Commissioning Board</b>	Councillor Brenda Warrington – Executive Leader, Tameside MBC Kathy Roe – Director Of Finance – Tameside & Glossop CCG and Tameside MBC
<b>Subject:</b>	<b>BUDGET 2022/23</b>
<b>Report Summary:</b>	<p>The report sets out the detailed revenue budget proposals for 2022/23 and the Medium Term Financial Plan for the 5 year period 2022/23 to 2026/27, including the proposed council tax increase for 2022/23.</p> <p>The budget report proposes a balanced budget for 2022/23, subject to the delivery of significant identified savings on Council Budgets, and a maximum increase in Council Tax. The impact of the COVID pandemic continues to place significant pressures on budgets, either due to additional costs or reduced levels of income.</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 savings and the maximum 1.99% increase in Council Tax plus 1% Adult Social Precept.</p> <p>Government has indicated that it will consult on future Local Government Funding arrangements in Spring 2022, but in the interim, with only a one year financial settlement, planning beyond 2022/23 remains difficult. There remain a number of significant financial risks for 2022/23 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 4</b> and <b>Appendices 5 and 6</b> .

**Access to Information :**

Background papers relating to this report can be inspected by contacting:

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## 1. BACKGROUND

- 1.1. The Council set a balanced budget for 2021/22, but the budget process was yet again challenging and required a substantial savings target of £8.930m. Whilst moving away from reliance on reserves, the budget was only balanced with a number of corporate financing initiatives and one off funding, which is not sustainable and places further pressure on future year budgets.
- 1.2. The COVID-19 pandemic has continued to have a significant adverse impact on Council finances, due to a combination of additional costs and lost income. Significant additional funding was provided in 2020/21 and 2021/22, however no additional funding is available for 2022/23, despite ongoing pressures and income reductions forecast into 2022/23 and beyond.
- 1.3. For much of the 2020/21 and 2021/22 financial years the CCG has been under a command and control regime from NHS England, which whilst providing some short-term financial stability, has limited future planning.
- 1.4. During 2021/22, the Strategic Commission has continued to report on the financial position of the Tameside and Glossop Health Economy as a whole in monthly Integrated Commissioning Fund (ICF) financial monitoring reports. As at the end of December 2021, the Strategic Commission is forecasting a net overspend of £5.1m due primarily to continuing significant pressures in Children's Social Care Services.

**Table 1: Strategic Commission 2021/22 Budget – Forecast Outturn Summary Month 9**

Forecast Position £000's	Forecast Position			Variance	
	Budget	Forecast	Variance	Previous Month	Movement in Month
CCG Expenditure	453,533	457,464	(3,931)	(3,553)	(378)
TMBC Expenditure	194,494	195,653	(1,159)	(1,207)	49
<b>Integrated Commissioning Fund</b>	<b>648,027</b>	<b>653,116</b>	<b>(5,090)</b>	<b>(4,761)</b>	<b>(329)</b>

- 1.5. The CCG reported position at M9 shows a forecast overspend of (£3,931k). With the exception of the QIPP shortfall, all of this is reimbursable, but in line with national reporting guidance needs to be shown as an overspend until appropriate allocation changes are transacted.
- 1.6. The Council forecast position is a net overspend of (£1,159k) but this masks a number of pressures and overspends in some areas, including Children's Social Care Services, Place and Governance, offset by underspends in areas including Adults, Population Health and Finance & IT. Many of the underspends are driven by one-off funding or one-off savings which will not be available in 2022/23, in particular the Adults forecast includes significant one-off grant funding and reserves which masks an underlying deficit position. The underlying deficit position in Adults and forecast overspend in Children's Social Care present significant risk and pressure for the 2022/23 budget.

**Table 2: Strategic Commission 2021/22 Budget – Forecast Outturn Month 9**

Forecast Position £000's	Forecast Position (Net)			Net Variance	
	Budget	Forecast	Variance	Previous Month	Movement in Month
Acute	229,955	229,464	491	343	148
Mental Health	44,759	44,600	159	49	110
Primary Care	95,903	97,289	(1,386)	(974)	(413)
Continuing Care	14,769	14,263	506	174	333
Community	38,262	39,931	(1,669)	(1,611)	(57)
Other CCG	25,328	26,919	(1,591)	(1,083)	(508)
CCG TEP Shortfall (QIPP)	0	441	(441)	(451)	9
CCG Running Costs	4,556	4,556	0	(0)	0
Adults	40,214	39,335	879	879	0
Children's Services - Social Care	53,510	58,043	(4,533)	(4,619)	86
Education	7,239	6,928	311	311	0
Individual Schools Budgets	0	0	0	0	0
Population Health	14,470	13,610	860	860	0
Place	61,581	61,900	(319)	(319)	0
Governance	9,083	9,607	(524)	(524)	0
Finance & IT	8,326	7,637	689	689	0
Quality and Safeguarding	142	142	(0)	(0)	0
Capital and Financing	4,775	4,327	448	448	0
Contingency	3,959	3,918	41	41	0
Contingency - COVID Costs	0	16,288	(16,288)	(16,229)	(59)
Corporate Costs	5,051	4,973	78	78	0
LA COVID-19 Grant Funding	(13,856)	(29,381)	15,525	15,503	22
Other COVID contributions	0	(1,676)	1,676	1,676	0
<b>Integrated Commissioning Fund</b>	<b>648,027</b>	<b>653,116</b>	<b>(5,090)</b>	<b>(4,761)</b>	<b>(329)</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 2022/23, and forecasts for the years up to 2026/27. The statutory requirements and timetables for the approval of Council and NHS budgets differ, and the move to a Greater Manchester Integrated Care Board, and the transfer of Glossop into Derby and Derbyshire ICB, means that planning processes are different this year.
- 2.2. Draft NHS operational planning guidance for 2022/23 was issued on 24<sup>th</sup> December 2021 and included nine priorities for the NHS. The planning guidance for 2022/23 has pushed back the date for the creation of Integrated Care Boards to 1 July 2022 due to parliamentary timings. This means that current statutory arrangements remain in place until July 2022.
- 2.3. Draft NHS allocations have been provided only at a Greater Manchester level and therefore the impact on Tameside cannot currently be fully assessed. Work continues with GM colleagues and the Derby and Derbyshire ICB to develop draft plans for 2022/23 which are due in March. Allocations included overall growth of 3.9% which will be required to fund cost and demand pressures including pay awards and National Insurance increases, expectations for elective recovery work and the cessation of the Hospital Discharge Fund. Ring fenced allocations to address key priorities are yet to be confirmed.
- 2.4. The Council is required by law to set a balanced budget for the upcoming financial year. Provisional Council funding for 2022/23 was announced in the Provision Local Government

Finance Settlement in December 2021 and is expected to be confirmed in February 2022. The Council must set the budget and agree the level of Council Tax by 11 March 2022. The proposals set out in this report and the detailed appendices propose a balanced Council budget for 2022/23 subject to the delivery of identified savings, and agreement of a proposed increase in Council Tax. **Appendix 1** provides a summary of the Council budget for 2022/23 and forecasts for future years.

- 2.5. Balancing the 2022/23 budget has only been possible through the use of a significant amount of additional one-off funding which is not expected to be available in 2022/23, and as a result the Council still faces a significant budget gap in future years. The delivery of a significant programme of savings in 2022/23 will be challenging, and will require a sustained focus on delivery of plans. The scale of savings, 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 2022/23 budget presents a significant financial challenge. The proposals do not, however, drawdown further on Council reserves, which represents a reduction in the reliance on reserves to balance the budget as in previous years. This helps to protect the Council's overall reserves position during 2022/23.
- 2.6. The remainder of this report and the detailed appendices are focused purely on the Council Budgets. The CCG budgets for 2022/23 will be approved by the Strategic Commissioning Board and Governing Body in April or May 2021 and will be subject to a further separate report.
- 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)** Savings and additional income

**Appendix 4)** Resourcing

**Appendix 5)** Section 151 Officers' 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 – Children's Social Care

**Appendix 9)** Director of Children's – Education

**Appendix 10)** Director of Population Health

**Appendix 11)** Director of Place

**Appendix 12)** Director of Governance

**Appendix 13)** Director of Finance and IT

**Appendix 14)** Corporate Budgets

**Appendix 15)** Capital Investment

**Appendix 16)** Budget Conversation

**Appendix 17)** *NEW Corporate Charging Policy*

**Appendix 18)** Pay Policy Statement 2022/23

**Appendix 19)** Treasury Management Strategy 2022/23

**Appendix 20)** Capital Strategy 2022/23

**Appendix 21)** Fees and Charges 2022/23

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

- 3.1. The 2021/22 budget report included forecasts for 2021 to 2026 which identified a budget gap of £14.3m in 2022/23. This gap assumed that all savings and additional income identified in the 2021/22 budget plans would be delivered, and that expenditure in Children's Social Care Services would be contained within budget in 2021/22. In addition, savings of £3.4m would be delivered in 2022/23 as progress was made around the early help model and reduction in placements, with further reductions in spending of £4.1m planned over the following two years.
- 3.2. By summer 2021, it was clear that planned spending reductions in Children's Social Care were extremely challenging, due to ongoing demand, complexity of placements and consequent increasing costs. It was identified that further time was needed to deliver these spending reductions, resulting in a projected opening budget gap for 2022/23 of almost £23m.
- 3.3. Since the summer of 2021, there have been a number of changes to the MTFP and budget gap for 2022/23. The key changes are summarised in table 3 below, with further information in this report and the detailed appendices.

**Table 3: Summary of changes to the MTFP**

<b>February 2021 Budget Gap for 2022/23</b>	<b>14,304</b>
Removal of Children's Placement savings	3,400
2021/22 Placement numbers - Children's pressure	5,000
<b>May 2021 Budget Gap for 2022/23</b>	<b>22,704</b>
Add back assumed Council Tax Increase before base growth	1,933
Additional Funding in 2021/22 baselined into 2022/23	(3,215)
Improved Collection Fund Position	(7,979)
Council Tax Base Growth	(1,996)
Use of general Covid grant from reserves	(2,500)
Net change in Demographic Pressures	2,745
Essential IT Investment	420
Rephasing of Digital Savings	3,068
GMCA return of reserves	(1,000)
New Funding in provisional finance settlement	(7,176)
New Savings and additional fees & charges income	(5,766)
Other net changes to pay and cost pressures	1,799
<b>Budget Gap before Council Tax Increase</b>	<b>3,037</b>
1.99% General Increase in Council Tax	(2,021)
1% Adult Social Care Precept	(1,016)
<b>February 2022 Budget Gap for 2022/23</b>	<b>0</b>

- 3.4. Key assumptions underpinning the budget for 2022/23 include:

- 1.99% increase in general Council Tax
- 1% Adult Social Care Precept on Council Tax
- Council Tax collection rates on target (pre-COVID)
- Growth in Council Tax base
- Collection Fund deficit position improved
- 1.75% pay inflation for 21/22 and 2% for 22/23 and future years
- No general allowance for inflation
- All non-statutory charges to be increased by CPI to September 2021 (3.1%)

- Children’s in-year pressure of £5m funded in full but £4m savings identified, expected to be delivered over two years
- Adults demographic and cost pressures of £2.5m in excess of provisions to be funded following the cessation of previous one-off funding
- Return of Levies and GMCA budgets of approximately £1m

3.5. Key assumptions underpinning the future projections include:

- All savings plans are delivered
- Demand in Children’s Social Care stabilises
- Demographic and cost pressures in Adults is expected to increase in future years
- Limited allowance for care provider inflation
- 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

3.6. There remains a significant budget gap in 2023/24 of £11.764m, which increases to £28.633m by 2026/27. 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.

## PRESSURES AND GROWTH (APPENDIX 2)

3.7. The Council continues to face significant cost pressures from demographic growth and increased costs. The key cost pressures for 2022/23 have been reviewed and assumptions recalculated and are summarised in tables 4 and 5 below, with further detail in **Appendix 2** and Directorate **Appendices 7 to 14**.

3.8. Budget pressures for 2022/23 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 2022. This includes a commitment to implement the Real Living Wage proposition once funding for the new cost of care model is fully understood.

**Table 4: Analysis of Total Pressures 2022/23**

	Demographic	Inflationary	Other	Reduction in income	Pay	Total
Adults	6,103	2,700	0	0	1,308	10,111
Children's	5,067	0	0	0	1,491	6,558
Population Health	0	200	0	0	50	250
Quality & Safeguarding	0	0	0	0	16	16
Place	0	0	(1,226)	(1,339)	1,480	(1,085)
Finance & IT	0	0	532	0	288	820
Governance	0	0	0	0	732	732
Corporate Budgets	1,186	225	2,021	0	75	3,507
<b>Total</b>	<b>12,356</b>	<b>3,125</b>	<b>1,327</b>	<b>(1,339)</b>	<b>5,440</b>	<b>20,909</b>

## SAVINGS, BUDGET REDUCTIONS AND ADDITIONAL INCOME (APPENDIX 3)

3.9. The budget for 2022/23 includes a number of budget reductions, additional income and delivery of savings, including the full year effect of savings identified in previous years. The nature of savings is summarised in Table 5 below with further information contained in **Appendix 3** and **Appendices 7 to 14**.

**Table 5: Savings and Additional Income 2022/23**

Savings, Budget Reductions and Additional Income	2022/23
	£000s
Budget reductions	(1,183)
Existing savings to be delivered by management	(1,696)
New savings to be delivered by management	(4,782)
<b>Total savings and efficiencies in 2022/23</b>	<b>(7,661)</b>
New Funding	(7,176)
Funding Changes	9,308
Fees & charges	(991)
Vacancy factor	(274)
<b>Total service budget reductions</b>	<b>(6,794)</b>

- 3.10. **New savings to be delivered by management of £4.782m** have been identified for 2022/23. Proposed savings 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 savings and identify new savings for future years. When combined with existing savings proposals (£1.696m) and other budget reductions (£1.183m), this results in **total savings and efficiencies of £7.661m**. Further analysis of savings is set out in **Appendix 3** and in Directorate **Appendices 7 to 14**.
- 3.11. Further directorate savings are also being made in relation to the better management of demand or increasing productivity. Although these are non-cashable savings, they do contribute to reducing the financial gap over the medium term.
- 3.12. Savings identified across directorates are significant and will require a relentless focus on delivery. Progress on delivery will be reported to Executive Board, with early action taken to ensure that the proposals remain on track.

**Table 6: Savings and other budget reductions by Directorate**

Savings by Directorate	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Adults	0	546	0	0	0
Children's	3,250	1,047	0	0	0
Population Health	645	66	0	0	0
Place	1,899	264	58	840	0
Corporate	1,867	878	1,050	1,000	0
<b>Total</b>	<b>7,661</b>	<b>2,801</b>	<b>1,108</b>	<b>1,840</b>	<b>0</b>

- 3.13. 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.
- 3.14. 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

- Long-term workforce planning, with a focus on 'growing our own' to provide sustainability of service delivery and reduce costs
- Digital transformation, investing in modern, fit-for-purpose technologies to transform services and achieve efficiencies
- Income maximisation 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

## FEES AND CHARGES

- 3.15. **Fees and charges** are reviewed annually to ensure that they are set at appropriate levels and 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.
- 3.16. When setting the 2021/22 budget, no general uplift was applied to all fees and charges due to the impact of Covid on economic conditions. It was considered imprudent to assume an increase in the overall level of income collected in 2022/23 for budget setting purposes due to the uncertainties caused by the pandemic.
- 3.17. For 2022/23 the default position has been to increase fees and charges by CPI for the 12 months to the end of September 2021, which stood at 3.1%. 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 21** sets out the proposed fees and charges for 2022/23 and the proposed increase for 2022/23 where relevant.

## CORPORATE CHARGING POLICY

- 3.18. **Appendix 17** is a new Corporate Charging Policy which is also subject to separate consideration by Executive Cabinet alongside this report. It is proposed that the Council adopts this Corporate Charging Policy which establishes principles and a framework for setting and reviewing non-statutory fees and charges. The policy would then be expected to be applied to the review of fees and charges during 2022 with full compliance from 1 April 2023.

## TARGETED USE OF RESERVES

- 3.19. 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. A number of pressures were identified in 2020/21 that related to required investment in the economic infrastructure of the borough where it is appropriate to fund this investment from reserves, due to the opportunities afforded to us by doing this. In 2022/23 there are a small number of these investments 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 last year 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 7: Targeted Use of Reserves 2022/23**

Targeted Use of Reserves	£000s
Place (Local Plan and Car Parking)	207
<b>Total</b>	<b>207</b>

#### 4. RESOURCING CHANGES (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, general government grants, reserves and Council Tax, 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 this assumption is built into the Local Government Finance Settlement. For 2022/23 there is a 1.99% referendum limit on general Council Tax increases, plus the ability to increase by a further 1% 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 the level of demand, particularly in Adults and Children's Social Care Services.
- 4.4. After taking account of budget savings, additional funding and income, and increased levels of business rates and Council Tax income, the Council still faces a budget gap of more than £3m. **This remaining budget gap will need to be closed with a 1.99% general increase and 1% Adult Social Care Precept on Council Tax.**
- 4.5. The resourcing for 22/23 and future year forecasts is based on the following key assumptions:
- The continuation of the 100% retention pilot for Business Rates income in 2022/23. 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.
  - Council Tax collection rates are unchanged from the prior year. Future housing growth is in line with recent average growth.
  - The 22/23 budget is supported by the use of Covid grant from reserves and return of GMCA reserves.
  - New funding provided in 2022/23 is baselined in future years but with no further growth.
  - Any changes to the Local Government Funding Formula will not be detrimental to Tameside.

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

- 4.6. 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 savings and use of reserves.
- 4.7. 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.
- 4.8. The Director of Finance (Section 151 Officer) statement on the robustness of the budget estimates is set out in **Appendix 5**.

4.9. 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 2022/23 are robust, and the level of reserves adequate for the time being.*

*However, the Council faces a significant budget gap beyond 2022/23, and this budget gap will increase if planned savings and efficiencies are not delivered in 2022/23. The Council must ensure a relentless focus on delivery of savings, 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.*

- 4.10. 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 2022 at £26.094m, which is slightly less than in 2021 reflecting the stabilized position in Children's Social Care and reduced size of the Council's current Capital programme. Further information is set out in the reserves strategy in **Appendix 6**.

## **5. COUNCIL TAX (Appendix 4)**

- 5.1. After taking account of budget pressures, additional income and savings identified for delivery in 2022/23, the total net budget requirement for the Council is £208.609m. Before any increase in Council tax levels, the resource available in 2022/23 is £205.572m, leaving a gap of £3.037m.
- 5.2. **Appendix 4** provides further detail on resourcing and Council Tax. This remaining budget gap of £3.037m can be closed with a 1.99% general increase (which had previously been assumed in the MTFP) and a 1% Adult Social Care Precept on Council Tax.
- 5.3. For a typical band A property in Tameside a 2.99% increase in Council Tax will equate to an increase of £31.97 per year, or 61 pence per week.

## **6. BUDGET CONVERSATION (APPENDIX 16)**

- 6.1. It is important that Tameside and Glossop Strategic Commission (Council and CCG) understand the priorities of the public – local residents, businesses, patients and service users. A public engagement exercise was launched between 11 January 2022 and 31 January 2022 to understand their priorities for spending within the context of the financial challenges facing public services.
- 6.2. This engagement took the form of a conversation with the public on providing sustainable public services for the future, and encouraging residents to see themselves as citizens, not just consumers of services. The public were encouraged to leave comments and feedback through the Big Conversation including ideas and suggestions for saving money and

improving services. This was promoted through a range of channels including the Partnership Engagement Network, Community Champions and social media.

- 6.3. In total, 45 responses were received on the online survey, as well as a further 4 comments on social media and one email. The responses to the consultation questions covered many areas of Council activity, from investing in our town centres, to supporting our vulnerable adult and children, and environmental and broadband issues.
- 6.4. There were suggestions on how to save money, including staffing reductions, provision for people with disabilities in borough to avoid out of borough costs and use of community service or volunteers for some services.
- 6.5. These suggestions have been considered as part of the Budget setting process.
- 6.6. **Statutory Consultation.** 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 2022/23 report when published with non-domestic ratepayers with a deadline of 18 February 2022 for them to provide any comments which can then be considered in the report to Full Council.

#### **Council Scrutiny**

- 6.7. 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.

## **7. LOOKING FORWARD – THE FIVE YEAR PLAN**

- 7.1. Whilst the budget proposals for 2022/23 present a balanced position (after Council Tax increases) the projected gap for 2023/24 and beyond is significant and relies on the delivery of all proposed savings 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.

**Table 8: Five Year Council Budget Forecast**

	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000	2026/27 '£000
<b>Proposed total budget for year</b>	<b>208,609</b>	<b>217,956</b>	<b>225,063</b>	<b>232,054</b>	<b>241,138</b>
<b>Total resources</b>	<b>(208,609)</b>	<b>(206,192)</b>	<b>(205,517)</b>	<b>(209,106)</b>	<b>(212,506)</b>
<b>Imbalance (surplus)/deficit cumulative</b>	<b>(0)</b>	<b>11,764</b>	<b>19,546</b>	<b>22,948</b>	<b>28,633</b>

#### **DELIVERY OF FUTURE SAVINGS**

- 7.2. The budget forecasts for 2022/23 and beyond assume that the £8.9m of savings planned for 2021/22 are delivered in full and that a further £7.6m of savings is delivered in 2022/23. This savings programme is ambitious and will require relentless focus on planning, project management and delivery.
- 7.3. **Transformation** – Transformation is the key priority for the Council in 2022, with an initial focus on cost and demand in Children's and Adults services. A cross organisational approach to developing accommodation and sustainable housing options will be a key part of this initial focus.

- 7.4. **Workforce planning** – Like many organisations, the Council faces shortages of appropriately skilled and experienced staff in many service areas. A renewed focus on long term workforce planning, with a focus on ‘Growing our own’ will be essential to provide sustainability of service delivery and reduce costs.
- 7.5. **STAR procurement** - In September 2018, the Council formally joined the STAR procurement shared service, a partnership arrangement between Stockport, Trafford and Rochdale. Limited procurement savings have been assumed in 2022/23 and it is anticipated that significant savings can be achieved in future years as we accelerate the review of contracts and areas of high spend.
- 7.6. **Strategic Asset Management Plan and Estates Strategy** - Development of an effective Strategic Asset Management Plan and associated estates strategy, will be essential to support the delivery of planned savings in 2022/23 and future years.
- 7.7. **Economic Strategy** - Implementation of a Vibrant Economy Strategy to support new and indigenous businesses, creation of new jobs, a skilled workforce and increase in apprenticeships, and supporting the economy in its recovery from the pandemic.
- 7.8. **Housing Strategy** - Develop and implement a new Housing Strategy and Delivery Plan and framework of delivery partners, to support the development of new homes and to raise standards in the private rented sector.
- 7.9. **Workforce Development and Agile working** - As our models of service delivery change, the opportunities for new and different ways of working increase. The economy wide estates strategy and new service delivery models are expected to offer new ways of working which may also offer financial savings.
- 7.10. **Digital Strategy** - Technology is an integral part of modern day life, and IT developments will contribute to new ways of working and new service delivery models. The delivery of significant savings are planned for 2022/23, and beyond, which will be dependent on successful implementation of the Digital Strategy.

## **8. EQUALITIES IMPACT ASSESSMENT**

- 8.1. The Council is required to prepare a balanced budget for 2022/23. 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.
- 8.2. The budget proposals include a number of savings proposals across service areas which may have a direct or indirect impact on groups of people with protected equality characteristics. When submitting savings proposals, service areas were required to submit a detailed template assessing the savings proposal, including the anticipated impact of the savings 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.
- 8.3. 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.

## **9. CAPITAL INVESTMENT (APPENDIX 15)**

- 9.1. The Council has limited resources available to fund Capital Expenditure. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No new capital investment will be agreed until the revenue budget position for 2022/23 is clearer and the Council has a sustainable medium term financial plan. A further review of Capital Priorities and the affordability of future borrowing to fund Capital Expenditure will be undertaken following conclusion of the 2022/23 budget setting process. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources. The current approved and earmarked programme is set out in **Appendix 15**.

## **10. PAY POLICY STATEMENT (APPENDIX 18)**

- 10.1. The Pay Policy Statement for 2022/23 is set out in **Appendix 18**. 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 2022/23 unless replaced or varied by Full Council.
- 10.2. 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.
- 10.3. 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.

## **11. TREASURY MANAGEMENT STRATEGY 2022/23 (APPENDIX 19)**

- 11.1. The Treasury Management service is an important part of the overall financial management of the Council's affairs. At 31 March 2021 the Council had £94m of investments which need to be safeguarded, £141m of long term debt, which has been accrued over the years to help to fund the Council's capital investment programmes, and £10m of short term debt. The Council is also the lead authority responsible for the administration of the debt of the former Greater Manchester County Council on behalf of all ten Greater Manchester Metropolitan Authorities. As at 31 March 2021, this represented a further £21m of debt. 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.
- 11.2. 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 19**.
- 11.3. The Treasury Management Strategy also sets out the estimated borrowing requirement for both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), together with the strategy to be employed in managing the debt position.

## **12. CAPITAL STRATEGY 2022/23 (APPENDIX 20)**

- 12.1. The CIPFA Prudential Code (revised 2017) now 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 2022/23 is attached at **Appendix 20**.
- 12.2. 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.
- 12.3. 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.

## **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 2022/23 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. That Council agree the following recommendations:

- a) Note the significant financial challenges and risks set out in this report;
- b) **Approve** the budgeted net expenditure for the financial year 2022/23 of £208.609m as set out in section 3 and **Appendix 1**, noting the significant pressures outlined in **Appendix 2**;
- c) **Approve** the proposed savings to be delivered by management outlined in section 3 and **Appendix 3**, noting the additional detail provided in **Appendices 7 to 14**.
- d) **Approve** an uplift to fees and charges as set out in **Appendix 21**;
- e) **Approve** the proposed resourcing of the budget as set out in **Appendix 4**;
- f) **Approve** a 2.99% increase to Council Tax for Tameside MBC for 2022/23, consisting of a 1.99% general increase and 1% Adult Social Care precept;
- g) Note that the budget projections set out in section 6 assume a 1.99% per annum increase in general Council Tax through to 2026/27. 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 £26m 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 new Corporate Charging Policy set out in **Appendix 17**;
- l) Note the position on the Capital Programme (Section 8 and **Appendix 15**) previously approved by Executive Cabinet, and the forecast future investment requirements;
- m) **Approve** the Pay Policy Statement for 2022/23 as set out in section 9 and **Appendix 18**;
- n) **Approve** the Treasury Management Strategy 2022/23, which includes the proposed borrowing strategy, Annual Investment Strategy and Minimum Revenue Provision Policy (**Appendix 19**);
- o) **Approve** the Capital Strategy 2022/23 (**Appendix 20**).

- 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 2022 which Directorates will manage within their approved budgets for 2022/23.

## **LIST OF TABLES**

Table 1: Strategic Commission 2021/22 Budget – Forecast Outturn Summary Month 9

Table 2: Strategic Commission 2021/22 Budget – Forecast Outturn Month 9

Table 3: Summary of changes to the MTFP

Table 4: Analysis of Total Pressures 2022/23

Table 5: Savings and Additional Income 2022/23

Table 6: Savings and other budget reductions by Directorate

Table 7: Targeted Use of Reserves 2022/23

Table 8: Five Year Council Budget Forecast