

Budget Scrutiny

Officer Presentation

2023/24 Budget and MTFP

16 January 2023



Covering

- Context and Background
- Financial strategy
- Savings, investment, budgets by department
- Budget gap as at January MTFP
- Budget consultation
- Budget risks

Inflation and Interest Rates

UK Inflation Hits Double Digits Again

CPI annual inflation rates in the United Kingdom from Sep 2012 to Sep 2022*



* CPI=Consumer Price Index
Source: Office for National Statistics

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Financial Strategy

- Financial resilience imperative
- Protect reserves
- Continued investment in our core statutory services for adults and children services (Net increase of £8.969m Adult Social Care; £5.599m Children's and Education)
- Recognise the importance of universal services as well as targeted services
- Meet our inflationary and demographic pressures through efficiency and income generation
- Realistic, achievable savings

Background

- £212m savings secured through austerity to 22/23
- Initial 2023/24 budget gap estimated at £14m; inflation increased gap considerably to +£40m for 2023/24 (before savings/ mitigations)
- Inflation is £21.4m of additional budget need:
 - Catch up inflation from 2022/23 - £3.9m
 - Pay award at 4% - £5.4m
 - Adult Social Care – £7.6m (national living wage)
 - Energy/Fuel - £2.4m
- £8m for inflation in 2022/23 budget
- Net budget £278m (£260m 22/23)

23/24 Budget gap

	£m
October Starting Gap	43.0
Pre-agreed savings (taking gap to £40.2m)	- 3.1
New savings (October and January)	- 12.8
Gov funding (primarily social care)	- 10.9
One off funding (Ctax surplus and pooling)	- 3.5
Council Tax 4.99% increase	- 7.0
Council Tax base - adjustment	1.2
Covid 19 Reversal (prior year adjustment)	- 1.6
Budget Gap January MTFP	5.3

Budget gap over medium term

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Remaining Gap	5.264	13.026	17.020	17.167	17.942	86.245

2023/24 Budget by Department

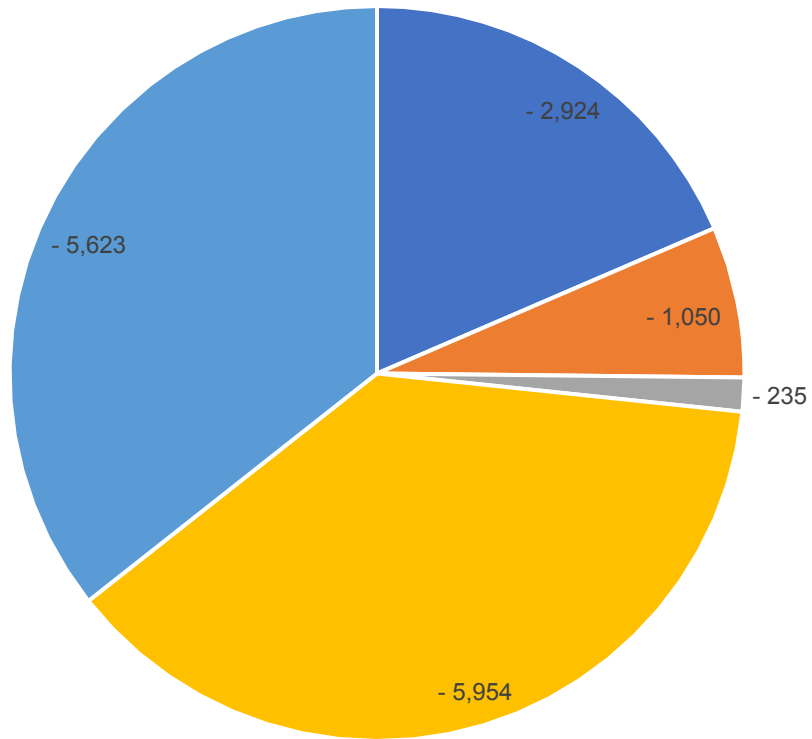
	Corporate	Chief Exec/ Resources	Adult Social Care	Public Health	Children's/ Education	Place	Total
	£m	£m	£m	£m	£m	£m	£m
Demography	0.000	0.000	2.280	0.000	4.547	0.000	6.827
Inflation	8.449	0.000	8.712	0.000	0.944	3.269	21.374
Investment	0.000	0.000	0.000	0.000	1.000	0.720	1.720
Capital Financing	3.000	0.000	0.000	0.000	0.000	0.000	3.000
Pressures	0.753	3.599	3.273	0.000	0.738	1.766	10.129
Subtotal Pressures	12.202	3.599	14.265	0.000	7.229	5.755	43.050
Covid Reversals	(0.674)	0.000	0.000	0.000	0.000	0.000	(0.674)
Total Pressures	11.528	3.599	14.265	0.000	7.229	5.755	42.376
Full Year savings	0.100	(0.588)	(1.820)	0.000	0.000	(0.750)	(3.058)
New Savings	0.000	(2.506)	(3.476)	(0.200)	(1.630)	(4.956)	(12.768)
Sub total Savings	0.100	(3.094)	(5.296)	(0.200)	(1.630)	(5.706)	(15.826)
Net Change	11.628	0.505	8.969	(0.200)	5.599	0.049	26.550

Top savings and income by value (£6.8m of the £15.8m)

	2023/24
Housing Advisory Service - New Business Plan	(1.520)
Care Purchasing Demand Management	(0.900)
Grant & income Maximisation (Income)	(0.800)
Proposed 5% Staffing reductions in Adult Social Care	(0.786)
Day Services and Transport Reviews	(0.700)
Digital Services Restructure (11.5 posts)	(0.656)
Place Service Reviews	(0.862)
Reduction in external care purchasing costs through in-borough developments of fostering and residential provision	(0.594)



Analysis of saving by type



■ Income ■ Demand management ■ Service reduction ■ Efficiency - restructure ■ Efficiency - non-restructure

Budget gap as at January MTFP – options to close

- Expectation of a balanced budget in February without use of reserves
- £5.264m reported gap
- Need to reassess Temporary Accommodation budgets
- Council Tax Support – considered in February
- Business Rate income, revaluation funding levels to be finalised

Budget Consultation – headlines

- 28 October to 29 December, in paper and on line
- 327 responses
- 89% think it is important (fairly or very) to continue to prioritise spend in adult and children's care
- Strong support for prioritising universal services eg Refuse and recycling (97%), street cleansing (93%)
- 36% agree increase in Council Tax, 60% disagree

Budget risks

- Cost of living – demand for services and collection rates (eg Business rates, Ctax)
- General uncertain economic environment re inflation
- Temporary accommodation
- Social Care demographics
- NHS pressures impact on ASC
- Medium term outlook