

Final Budget 2023/24 and Medium-Term Financial Strategy including Future Tandridge Programme Update

Strategy and Resources Committee Thursday, 31st January 2023

Report of: Chief Executive and Chief Finance Officer (S151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive Summary:

This report sets out the proposed Budget for 2023/24 and Medium-Term Financial Strategy, accompanied by an update on the Future Tandridge Programme ('FTP').

It provides:

- Progress to date in delivering Service Reviews, with updates on key developments since the Draft Budget was brought to Committee.
- The consolidated Council Budget for 2023/24 and Medium-Term Financial Strategy, based on the reports presented to the four Policy Committees, including the preceding agenda item.
- Proposals on the level of Council Tax (the precept) to be set by Tandridge District Council
- The Council's 'Section 25' report, providing confirmation on the robustness of estimates and the adequacy of reserves.

The final budget, resulting from this agenda item, will be presented for approval by Full Council on the 9th February 2023.

The report proposes a balanced budget without significant reduction in services to residents and without the use of reserves. The level of contingency has been increased by a modest amount by comparison to the previous year's budget to deal with external factors such as the volatile economy and continuing impact of inflation.

Achieving a robust and balanced budget in these circumstances is a significant achievement, given the acute impact of inflation on Council services and continued uncertainty, and real-terms reduction in overall funding.

The delivery of the Future Tandridge Programme has commenced, with the first phase of staff consultation under way and progress being made on key lines of enquiry to deliver the planned savings.

This report supports the Council's priority of: Building a better Council.

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Recommendations to Committee:

That Members recommend that Full Council:

Notes the following:

1. That for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council tax is not such as to trigger a referendum (i.e. not greater than the higher of £5 or 2.99%);
2. The Local Council Tax support scheme (**para 8.14**) is unchanged for financial year 2023/24;
3. The Parish Councils' precept requirements for 2023/24 (**Appendix G – TO FOLLOW FOR FULL COUNCIL**);
4. That unavoidable external risks are mitigated through the retention of a general contingency of **£0.445m** per annum (increased by £327k from 2022/23). Held within the contingency, £74k generated by the ability to raise Council Tax by 2.99% / £6.90 rather than the previous £5 limit will be earmarked as a Cost of Living Fund, to ensure that the Council has an allocation to help residents in need with targeted support as required.
5. The financial strategy to build the General Fund Reserves using unused contingency. Prior to a decision from DLUHC on the capital dispensation, the General Fund balance at 31st March 2024 is projected to stand at to **£2.8m (Appendix I)**;

Approves the following:

6. The net revenue budget requirement be set at **£11.935million** (net cost of services after service specific government grants) for 2023/24 (**Appendix B and D**), subject to confirmation of the Final Local Government Financial Settlement;
7. The Final Budget Envelopes for each Committee including the allocation of pressures and savings targets for 2023/24 **Appendices B, C and D**);

8. The **£40.4** million proposed three-year Capital Programme (comprising £7.1m General Fund, £1.2m Community Infrastructure Levy (CIL) and £32.1m Housing Revenue Account (HRA)) of which £19.2 million Capital Budget is for 2023/24 (**Appendix E**);
9. The Flexible Use of Capital Receipts Strategy for 2023/24 to meet the statutory guidelines for the use of such receipts to fund transformation (**Appendix H**);
10. That the total Council Tax Requirement be set at **£9.3 million** for 2023/24. This is based on a Council tax increase of 2.99% to cover core Council services (**Appendix F**);
11. That Tandridge District Council set its precept for Band D Council Tax at **£237.88**, which represents a 2.99% uplift. This is a total rise of £0.13p a week from the 2022/23 precept of £230.98.

A full list of bands is as follows:

Valuation Band	Annual Amount £
A	158.59
B	185.02
C	211.45
D	237.88
E	290.74
F	343.60
G	396.47
H	475.76

For Full Council, there will be additional recommendations incorporating Surrey County Council and Surrey Police and Crime Commissioner's precepts to meet with legislative requirement when approving the Council Tax for 2023/24. Given the timing of the Surrey's Full Council meeting being on 7th February, the precept information will be sent to Members on 8th February in advance of Tandridge's Full Council meeting on 9th February. Surrey's precept information is required before TDC's precept information can be finalised.

Reason for recommendations:

As a public body, the Council is required to set a balanced and deliverable budget and to demonstrate value for money in all its services, whilst operating in an uncertain and restrained financial environment.

The Future Tandridge Programme and Service Reviews are the mechanism for delivering value for money, providing assurance that services are specified to deliver to an agreed quality within available funding.

1. Introduction

- 1.1. This brief covering report sets out an update on the Budget Setting timetable for 2023/24. The Draft Budget 2023/24 and Medium-Term Financial Strategy to 2024/25 was presented at the December committee meeting. The proposed final budget is set out in Appendix A.
- 1.2. An update on progress made on the Future Tandridge programme is provided in Section 6 of Appendix A.

2. Budget Timetable Update

- 2.1. The table below is an updated extract of the budget setting timetable, provided to committees in June and September, with comments on completion status.

Time Period / Date	Activity / Milestone	Progress
30th June 2022	2023/24 Budget Process Report to S&R Committee	Complete
July – September 2022	Initial estimates of pressures and savings developed, alongside each service area's business case. Review of fees and charges Review of staff allocations and charges to Housing Revenue Account	Initial estimates complete. Fees and charges complete. Staff allocations review complete.
August – September 2022	Engagement with Members on 2023/24 initial pressures, savings, fees and charges	29 th September S&R report set out initial pressures and savings.
September 2022	Committee Cycle – Service Business Cases and initial pressures and savings	Consolidated updates to S&R on 29th September, with updates to other committees in September and October due to rearranged meeting dates.
October – November 2022	Engagement with Members on 2023/24 Draft Budget	Further Business Cases and updates on specific savings subject to Member workshops through November. Fees and charges review commissioned, with a workshop scheduled in December.

1st December 2022	2023/24 Draft Budget and Capital Programme, including Tax Base to S&R	Complete
December 2022	Expected publication of Local Government Finance Settlement – finalisation of funding estimates	Provisional Local Government Finance Settlement published on the 19 th December, sufficient to balance budget.
December 2022 to January 2023	Engagement with Members on 2023/24 Final Budget Engagement with residents and Business Rate payers on 2023/24 Budget	Member workshop on 21 st December confirmed external funding and proposed fees and charges. Budget details communicated to residents and businesses for comment.
January 2023	Committee Cycle – 2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy	Complete at time of S&R Committee
31st January 2023	2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy to S&R Committee	Appended to this report
9th February 2023	2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy to Council	Awaiting final precept information from SCC, SPCC and Parish Councils

3. Content of the Budget and Medium-Term Financial Strategy

The proposed Final Budget 2023/24 and Medium-Term Financial Strategy to 2024/25 is set out as Appendix A. It includes the following sections:

1. Introduction
2. Strategic Context
3. Committee Overviews
4. Budget Principles
5. Revenue Budget Headlines
6. Future Tandridge Programme – Update
7. National Funding Context
8. Local Funding Assumptions
9. Reserves Update, Section 25 Report and CIPFA Resilience Index
10. Flexible use of Capital Receipts
11. Proposed Capital Programme
12. Medium Term Financial Strategy Update
13. 2022/23 Financial Performance
14. Fees and Charges
15. Next Steps

4. Comments of the Chief Finance Officer (s151)

- 4.1. With no clarity over Government funding from 2024/25 onwards, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.
- 4.2. It is a legal obligation that the Council sets a balanced budget for 2023/24. This relies on the identification of sufficient savings to meet spending pressures, after the application of increased funding. Drawing on already low General Fund reserves to cover a shortfall in savings is not a sustainable option and would only be used as an absolute last resort. The Council needs to build, rather than draw on reserves to safeguard its medium-term financial stability
- 4.3. The Section 151 Officer confirms that the 2023/24 Draft Budget and MTFS is based on reasonable assumptions, taking into account all known material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be approved for 2023/24 at Full Council on 9th February 2023.

5. Comments of the Head of Legal Services

- 5.1. The report updates the revised medium-term financial strategy. This is a matter that informs the budget process and may be viewed as a related function. It is, in any event, consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a medium-term financial strategy.
- 5.2. Members should have regard to the personal duties placed upon the Chief Financial Officer (CFO). The CFO is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs. The CFO must therefore exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health.
- 5.3. The Local Government Finance Act 2013 requires the CFO-s151 to also report on the robustness of the estimates for calculations and the adequacy of Reserves to the Authority and that the Authority must take these matters into account when making decisions on matters before it. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'.

- 5.4. The report provides information about risks associated with the medium-term financial strategy and the budget. This is, again, consistent with the Council's obligation under section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.
- 5.5. The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a medium-term financial strategy therefore contributes to achieving this legal duty.

6. Equality

- 6.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.
- 6.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
 - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 6.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 6.5. Officers will continue to review proposed changes against the initial equalities screening tool prior to final implementation and take mitigating action if necessary.

7. Climate Change implications

- 7.1. There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

8. Background papers

- Strategy & Resources Committee 1st February 2022 - [2022/23 final budget and 2023/24 MTFS](#)
- Strategy & Resources Committee 1st February 2022 - [Future Tandrige Programme](#)
- Strategy & Resources Committee 7th April 2022 - [Budget – Tranche 2 Pressure and Savings Distribution](#)
- Strategy & Resources Committee 30th June 2022 – [2023/24 Budget Setting Process](#)
- Strategy & Resources Committee 29th September 2022 – [Future Tandrige Programme Update](#)
- Community Services Committee 18th October 2022 – [Community Services Committee – Future Tandrige Programme Update](#)
- Housing Committee 4th October 2022 – [Future Tandrige Programme Update](#)
- Strategy & Resources Committee 1st December 2022 [Draft Budget 2023/24 and Future Tandrige Programme Update](#)

- Committee Budget Reports to:
 - Community Services Committee 17th January 2023
 - Planning Policy Committee 19th January 2023
 - Housing Committee 24th January 2023
 - Strategy & Resources Committee 31st January 2023