

## REPORT TO THE EXECUTIVE



<b>DATE</b>	<b>13th February 2023</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Amy Johnson</b>
<b>TEL NO</b>	<b>(01282) 475869</b>
<b>EMAIL</b>	<b>ajohnson@burnley.gov.uk</b>

### Revenue Budget 2023/24

#### PURPOSE

1. To consider the estimates of revenue income and expenditure for 2023/24 and to make recommendations to Full Council about next year's Revenue Budget.

#### RECOMMENDATION

2. The Executive is recommended to adopt the following resolution:

That Full Council be recommended to:

- i) Endorse the approach that has been adopted in developing budget proposals that reflect the Council's Strategic Objectives for 2023/24;
- ii) Approve the proposals contained in this report;
- iii) Set a Council Tax Requirement of £7,722,735 for the financial year 2023/24;
- iv) Set a Net Budget Requirement of £16,266,712 for 2023/24;
- v) Receive and consider the statutory report issued by the Head of Finance and Property under the Local Government Act, 2003;
- vi) Authorise the Chief Operating Officer/Heads of Service to progress action plans to deliver the 2023/24 budget;
- vii) Approve a Council Tax (Band D) figure of £328.01 for this Council for the year commencing 1<sup>st</sup> April 2023 and adopt the statutory resolution to set the full Council Tax for the year. This is equivalent to a 2.99% Council tax increase.

## REASONS FOR RECOMMENDATION

3. To fulfil the Council's statutory obligation to calculate its Council Tax requirement as set out in Section 31A of the Local Government Act 1992 (as amended by section 74 of the Localism Act 2011).
4. To set a balanced budget for the financial year 2023/24 that ensures the viability of the Council and aligns resources to the Council's strategic priorities.

## SUMMARY OF KEY POINTS

### **BACKGROUND**

5. This report summarises the key issues that elected Members will need to consider when finalising the Revenue Budget 2023/24. Under the constitution it is the Executive's duty to present detailed recommendations for Full Council to consider. The following appendices are related to the report.

Appendix 1	General Fund Revenue Summary 2023/24
Appendix 2	Growth
Appendix 3	Savings
Appendix 4	Equality Impact Assessment

6. The schedule of proposed fees & charges, which forms an integral part of the budget process, was approved at the meeting of Full Council on 7<sup>th</sup> December 2022.
7. The proposals contained within this report have been developed as a result of discussions and presentations at various Member and officer forums.
8. The Local Government Act 2003 sets out the requirements for sound financial management. Section 25 is particularly relevant when the budget and Council Tax for the coming year are being set. It requires the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report is contained elsewhere on your agenda.
9. This budget has been developed following the principles set out in the Council's Medium-Term Financial Strategy. The strategy emphasises the need to focus on the use of the Council's resources towards achieving the Council's stated objectives.
10. The Council has adopted an approach to producing the budget based upon the relative priority of all the services. However, at the heart of the Council's financial planning is a savings plan aligned to strategic intent.
11. In view of the tight financial constraints within which the Council has operated in recent years, there is little scope for growth in service provision. Appendix 2 shows further limited growth proposals.

## **SUMMARY OF THE REVENUE BUDGET POSITION 2023/24**

12. The proposed net revenue budget for 2023/24 is as set out in the table below:

<b>SUMMARY OF THE REVENUE BUDGET POSITION 2023/24</b>		
Net Revenue Budget - original 2022/23 (excluding parish precepts)		15,156
22/23 salary and contractual costs adjustments		532
Savings approved at previous Council Meetings		(198)
Proposed Growth - Appendix 2		379
Additional Savings Identified - Appendix 3		(363)
Pension Fund Revaluation		(698)
Increased utilities expenditure		700
Contractual inflation		796
Salary inflation		577
Additional Fees & Charges income generation		(254)
Movements in Earmarked Reserves		(403)
Reduction in borrowing costs and additional interest income		(187)
Various minor service adjustments		57
Parish Precepts*		173
<b>Net Budget Requirement</b>		<b>16,267</b>
<u>Government Settlement Funding Assessment</u>		
Revenue Support Grant		1,872
Business Rates Baseline		4,424
New Homes Bonus		320
Council Tax Yield		7,723
Collection Fund Deficit - Council Tax		(185)
Collection Fund Deficit - NNDR		(1,023)
Council Tax - Parish Precepts*		173
<u>Business Rates in addition to Baseline Funding</u>		
S31 grants for business rate reliefs	1,219	
Renewable Energy	307	1,526
Services Grant		166
Funding Guarantee		349
Local Council Tax Support		168
Business Rates Multiplier Inflation Cap		754
		<b>16,267</b>

- \* Please note that the Parish Precept figure is provisional. Any changes to this figure will not affect the Net Budget Requirement of the Council as the council acts as an agent in collecting the precept income and distributing it to Parish Councils.

### 13. **LOCAL GOVERNMENT PROVISIONAL SETTLEMENT**

The local government provisional settlement was announced in December 2022 and is likely to be confirmed February 2023. Any settlement figures included within this report are based upon the provisional settlement figures.

#### 15. **Spending Power**

The calculation of Spending Power only includes Revenue Support Grant, Business Rates, New Homes Bonus, Services Grant, Minimum Funding Guarantee and Council Tax. The Council's Spending Power will increase by 4.5% in 2023/24 (5.9% increase in 2022/23). This compares to an England average increase of 9.2%.

#### 16. **Settlement Funding Assessment (SFA)**

SFA is set by the Government and comprises Revenue Support Grant (RSG - the general grant funding to local authorities) and the Baseline Funding Level for business rates income. The Council was a member of the 50% Lancashire Business Rate Pool in 2022/23 and will continue to be a member in 2023/24.

#### 14. **New Homes Bonus**

In the 2017/18 finance settlement the Government reduced the funding period for NHB from six years to five years and then to four years in 2018/19 onwards for existing and new awards commencing in 2017/18 which accelerated the rate at which this grant reduces.

15. In addition, from 2017/18 the Government set a baseline for housing growth of 0.4% of a Council's existing tax base below which no NHB grant is payable. The baseline has remained at 0.4% for 2023/24.

16. As announced in the 2020/21 finance settlement, the New Homes Bonus allocation for 2020/21 was for one year only, rather than for a period of four years. This change in policy has remained unchanged for each financial year since from 2021/22 onwards, with the 2021/22, 2022/23 and 2023/24 allocations being for one year only also. The Council has been allocated £320k for 2023/24.

### **BUDGET SAVINGS IDENTIFIED**

17. Following the announcement of the provisional local government finance settlement for 2023/24 further budget savings have, as is usual, been identified. The additional savings required is £363k which has been met by removing the annual contribution to the Pensions Reserve following the 2022/23 triennial valuation. The Council previously contributed £353k each year to the Pension reserve to provide sufficient levels of reserve in the event of an adverse triennial valuation of the pension fund. The balance of savings required has been met through a reduction in grant expenditure (£10k). Further details can be seen in Appendix 3.

It is expected the final finance settlement for 2023/24 will be announced by Government in February 2023.

## GROWTH

18. Given the continuing and sustained budget pressures being faced, there is very little scope for continuing growth unless the Council's priorities demand new spending in key areas. A balanced approach needs to be taken to ensure priority issues are achieved.
19. Consequently, ten items of revenue budget growth are included within the proposals for 2023/24. The growth items are shown in Appendix 2 for information and have been included within the revenue budget for 2023/24. Details of each growth item can be seen below:
  - Maintaining a clean, safe, attractive, and environmentally friendly borough - to create a permanent Education Enforcement Officer post at a cost of £34k to continue the range of initiatives implemented in 2022/23 to maintain a clean, safe, attractive, and environmentally friendly borough. This will include community engagement, enforcement and cleansing in 'hotspot' areas. This initiative was piloted in 2022/23 and has been very successful.
  - Beat the Street – Members will be aware of the successful outcomes of the previous Beat the Street initiative that improved physical activity across the Borough that was led by the Leisure Trust in partnership with Intelligent Health. It is proposed to support the Leisure Trust to deliver this programme again by making a one-off contribution of £20k towards the programme costs. Beat the Street is a free-to-play, interactive game that encourages people of all ages to become more active and was introduced in the borough in 2021/22 in conjunction with various partners. A recent survey indicated that six months after Beat the Street had ended 85% of players reported that they had remained active. The programme will be refreshed and shall also include a tree planting initiative that aims to plant 7,500 trees across the Borough. The total cost of the programme is £130k. The remaining match will be secured from other partner organisations. £67k has already been secured from Sports England and Burnley Leisure are in discussions with other public sector partners (including the Council) for the remainder.
  - Temporary Accommodation – to increase the temporary accommodation budget by £40k to meet the additional pressures and demand arising out of our statutory duty. This has arisen due to rising demand for temporary accommodation coupled with the rising cost of housing.
  - Housing Enforcement Officer – Members will be aware that following the recent material breach of housing standards in Rochdale, the Government has heightened its focus on housing standards, in particular around the issue of damp and mould. This growth item is requested to provide additional capacity in the housing team to investigate accommodation within the borough to ensure it complies with statutory standards. The proposal is to employ an additional Housing Enforcement Officer at a cost of £51k (salary plus on-costs) will also give the team additional capacity to undertake proactive inspections in the private and social rented sectors.
  - External Audit Fees – following a recent Public Sector Audit Appointments procurement exercise for the appointment of our external auditors, the annual fee is expected to increase by approximately 150%. Budget growth of £63k is required to meet this pressure. This follows the recommendations of the Redmond Review.
  - Development Control & Planning Policy Degree Apprentice – to create a new post at a cost of £36k to support succession planning and provide resilience to this team due to ongoing difficulties associated with recruitment.
  - Data Protection & Procurement Officer - to create a new post at a cost of £36k to support succession planning and resilience in these vital corporate areas. Currently

the Council's Internal Audit Manager provides significant support to these areas. An external peer review and members of the Audit & Standards Committee on the internal audit function have highlighted that they would like to see the Internal Audit Manager spend more time on internal audits than corporate priorities. This will also provide the additional procurement and governance support required following the Charter Walk acquisition as well as the additional reporting requirements under the subsidy control regime.

- Development Control Enforcement Officer – Enforcement of unauthorised development remains a key priority. It is proposed to increase capacity in this team by introducing an additional planning enforcement officer to support enforcement activities. The total cost (including on costs) for this post is £44k.
- Additional Environmental Health Officer – additional statutory requirements on inspections require an additional officer, at a cost of £45k, to allow us to meet our statutory targets. These include changes to the animal welfare regulations, private water supplies and Natasha's Law.
- King's Coronation – as we did with the Queen's Jubilee, a one-off growth item of £10k is proposed to celebrate the forthcoming King's Coronation. Further details of the proposal will be shared throughout the year.

## **COUNCIL TAX**

20. The proposals in this paper assume that the Council's Band D council tax will increase by 2.99% from the 2022/23 level of £318.49 to £328.01. This level of charge will yield an estimated total income of £7,722,735.
21. Guidance has been received from central government on the criteria for council tax increases that would trigger a local referendum. This guidance indicates that "if an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount". For 2023/24, the relevant basic amount of council tax of a shire district Council is excessive if the authority's relevant basic amount of council tax for 2023/24 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2022/23. When setting the budget for 2022/23 the referendum limit was 2%. As part of the provisional financial settlement in December 2022, central government assumed that all local authorities would increase their council tax by the maximum allowable when calculating their Core Spending Power.
22. The financial impact each year of not increasing Council Tax at all is an additional pressure of around £242k, assuming a 2.99% rise is foregone. Over the five-year Medium Term Financial Strategy period this would result in a loss of income of £1,210k. The increase is required to protect the services provided by the Council, to fund economic and community recovery initiatives required as a result of Covid-19 & the cost of living crisis and the impact of ongoing financial pressures faced by the Council.

## **BUSINESS RATES**

23. The expected amount of business rates to assist in funding the Council's spending next year is included as part of the Government's 2023/24 funding provisional settlement. A reassessment of rateable values based on property values as at 1<sup>st</sup> April 2021 has been carried out, taking effect from 1<sup>st</sup> April 2023. Inflationary increases has resulted in an increase to the baseline funding level of £160k to £4.424m. It is also expected that the Council will receive grants in relation to business rates relief – an extra £1.219m, as can be seen in the table at paragraph 12.

24. The indicative figure from the Government for business rates relates to the system of business rates retention involving a distribution of rates collected to the Council, the County Council, the Combined Fire Authority and Central Government. Some elements of business rates are however fully credited to this Council. One element of business rates which falls within this category is sustainable energy. A sum of £307k is estimated to be receivable next year in respect of sustainable energy business rates which are a significant factor in balancing the revenue budget in 2023/24 and future years.
25. For 2023/24 Burnley remains a member of the Lancashire Business Rates Pool which was formed in 2020/21 and allows constituent members to come together and be treated as a single member of a business rate pool to combine their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, such as the tariff and top-ups. The benefit to be gained is that collectively, it produces a lower percentage levy calculation. Each authority continues to retain the growth in its business rates income that it would have retained as an individual authority outside of the pool. However, as part of a pool the Council would no longer be required to pay any levy to Central Government. The Lancashire application sets out what the tier splits would be for each member.

### **COLLECTION FUND DEFICIT**

#### 26. Council Tax Element

A surplus or deficit can arise for two reasons, namely:

- i) The Council's share of a variation in the amount of Council tax that is actually due and charged for the year in question compared with the figure assessed when the Council tax base for the year is calculated.
- ii) The Council's share of a variation in the amount that needs to be provided for taxes that the Council is unable to recover in each financial year.

This year's calculation has produced a deficit figure of £957k of which this Council's share is £140k. This is 14.8% as a proportion of the overall total. However due to a prior year deficit, the total charge for 2023/24 is £185k deficit. This takes into account the third year of the three-year spreading of the Covid-19 deficit from 2020/21, which will be met from monies set aside in the Collection Fund Deficit Reserve (approved at Full Council July 2021).

#### 27. **NNDR Element**

A surplus or deficit can arise for three reasons, namely:

- i) NNDR base is larger or smaller than originally anticipated (reasons include properties coming on and off the valuation list (e.g. as a result of redevelopments), appeals by businesses to rating valuations.
- ii) In year collection rates are higher or lower than expected,
- iii) Arrears collection rates are higher or lower than expected

This year's calculation has produced an overall deficit figure of £1.089m of which this Council's share is £0.436m. However due to a prior year deficit the total deficit charge for

2022/23 is £1.023m. This takes into account the third year of the three-year spreading of the Covid-19 deficit from 2020/21, which will be met from monies set aside in the Collection Fund Deficit Reserve (approved at Full Council July 2021).

### **BUSINESS RATES UNDER-INDEXING MULTIPLIER GRANT**

28. To compensate, the under-indexing multiplier grant has been increased, in order that local authorities do not lose what would have been the increase to the business rate multiplier. The grant awarded to Burnley is £754k.

### **SERVICES GRANT**

29. The government introduced a Services Grant Fund of £822m in 2022/23 to support all services delivered by Council's. For 2023/24 this grant fund has been reduced to £464m in 2023/24 due to the cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme. The grant continues to be allocated using shares of lower tier funding within the 2013/14 Settlement Funding Assessment levels. Burnley is to receive £166k for 2023/24.

### **FUNDING GUARANTEE GRANT**

30. The Funding Guarantee Grant has been introduced for 2023/24 in replacement of the Lower Tier Services Grant. The grant fund of £136m is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% (before any assumptions on council tax rate increases, however, includes assumptions on increases to Council Tax base). Burnley's allocation is £349k.

### **LOCAL COUNCIL TAX SUPPORT**

31. The local council tax support grant has previously been awarded to the council as a revenue grant to be included within the cost of services. For 2023/24 this grant will now form part of the Council's provisional settlement, rather than be awarded as a revenue grant to be included within the cost of services. For 2023/24 Burnley is to receive £168k.

### **COUNCIL TAX SUPPORT SCHEME**

32. The Council approved the commencement of a public consultation exercise on plans to provide temporary support through the Council Tax Support Scheme, by increasing the level of subsidy to a maximum of 100%, for eligible working age claimants for 2023/24 to help alleviate some of the financial hardship caused by the cost-of-living crisis. A report on the findings of the Council Tax Support Scheme consultation is contained elsewhere on this agenda.

### **COMMERCIAL STRATEGY & FEES AND CHARGES**



33. The Council has developed and approved a commercial strategy. This is intended to promote a more commercial approach to the Council's business and finances and reflects the changed environment in which the Council now operates with the establishment of major contracts for service delivery including the strategic partnership with Liberata. Part of this commercial approach is linked to maximising, where possible, the income which the Council receives from fees and charges. Further work will be undertaken in 2023/24 in this area.
34. During the budget process, it has been assumed that income budgets would increase in 2023/24 reflecting a corresponding increase, where practicable, in fees and charges levied. Heads of Service were therefore asked to review their fees and charges in the context of an assumed minimum overall increase of 5% in income generated, except in areas where it was considered that no increase should take place. The increase will take effect from 1<sup>st</sup> April 2023. The tariff of fees and charges mainly effective from 1<sup>st</sup> April 2023 was approved by Full Council on 7<sup>th</sup> December 2022. The estimated additional increase in income in 2023/24 as a consequence of the approved increases is £254k.

### **COST OF LIVING CRISIS**

35. The impact of the cost-of-living crisis on the 2023/24 budget and future years is unknown. The ongoing financial support given to local businesses is helping to support the local economy, however it is unclear what the impact will be once these support packages end. A Covid-19 & Cost of Living reserve was set up in 2020/21 using financial support received from Central Government in 2020/21. Members approved in the Revenue Outturn Report at Full Council in July 2021 to transfer £1.6m into this reserve. The reserve has been called upon in 2021/22 and 2022/23 to fund related additional expenditure or loss of income and to provide funding for recovery initiatives. It is forecast that there will be a balance of £721k available at the end of 2022/23 for use in 2023/24 and future years.

### **CAR PARK INCOME**

36. There will partial temporary closure of some town centre car parks during the year as approved capital schemes progress. These include Pioneer Place and the Centenary Way car parks. It is expected that the majority of pay and display users will be displaced to other Council owned car parks. If there is a shortfall in income due to the temporary closures will be met from the Revenue Support Reserve and reported via the quarterly revenue monitoring reports throughout the year.

### **BURNLEY LEISURE TRUST**

37. The Leisure Trust has indicated that it envisages a pressure on their gym membership income following the proposed opening of a JD gym in Burnley. Other Leisure Trusts have suffered material pressures on gym membership income arising from similar competitors opening nearby. The differentiation in the offer the Leisure Trust provides shall hopefully place it in a good position to meet this challenge. Depending on the income shortfall, the Leisure Trust may be requesting support from the Council. The level of support has not been built into the revenue budget as it is unquantifiable at this stage. In any event any support provided will be subject to a report to the Executive and possibly Full Council.
38. Agreement in principle has been reached with the Leisure Trust for an additional reduction in its grant over the next three years. These include additional recurring savings to the Council of £75k in 2024/25 and £75k in £2025/26 (total £150k recurring reduction in

addition to the contractual requirement to deliver efficiency savings of 3% per year. Officers shall endeavour to formalise these commitments over the coming months. It should be noted that the opening of the rival gym and challenges in the hospitality sector could make it difficult to for the Leisure Trust to commit to this additional recurrent saving.

### **STRATEGIC EARMARKED RESERVES AND GENERAL FUND RESERVE**

39. It is important that, when considering the Revenue Budget, due consideration is given to the levels of strategic earmarked reserves that are available and held for future liabilities. The General Fund Reserve is held to provide a working balance to help cushion the impact of unexpected emergencies and uneven cash flow.
40. The table below shows the anticipated use of strategic reserves for 2023/24 and later years. The overall forecast position on reserves is shown in the table below. This includes all strategic earmarked and general reserves. The forecast below includes current approved and future commitments, future anticipated spend and future anticipated income into the reserves. This table excludes any reserves held for specific operational reasons:

	Strategic Earmarked Reserves £'000		General Fund Reserve £'000		Revenue Support Reserve £'000		Total £'000
<b>Balance as at 01/04/22</b>	4,341		1,379		1,251		6,971
<b>In year adjustments</b>	1,873				1,000		2,873
<b>Approved use to Q3 2022/23</b>	(1,709)		0		(74)		(1,783)
<b>Balance available after approvals as at Q3</b>	4,505	0	1,379	0	2,177	0	8,061
<b>Future commitments and risk</b>	(2,999)		0		1,587		(1,412)
<b>Balance remaining as at 31/03/28</b>	<b>1,506</b>		<b>1,379</b>		<b>3,764</b>		<b>6,649</b>

41. The Revenue Support Reserve is essential to provide resilience for the Council in light of reduced funding. As the authority adjusts to meet the pressures of reductions in Government funding, it has become increasingly challenging to produce savings annually as the authority contracts in resource and size. Savings proposals will carry more risk of successful implementation, whether they are income or expenditure related. The Revenue Support Reserve will be required to provide temporary mitigation for some of these risks. However, the purpose of the reserve is also to temporarily provide for unanticipated reductions in income, provide for unexpected revenue spend and to support shortfalls in major capital projects beyond their business cases and after their allocated reserves are exhausted. There is a 10 year programme to build up this reserve from the General Fund. However, for clarity only five years of this programme is shown in the above table to align with the time frame of this MTFS.

### **RISK ASSESSMENT**

42. A risk assessment has been carried out on key areas of income and expenditure and ways of monitoring and mitigating the risk have been identified where possible.
43. During 2021/22 the Council commissioned two significant capital projects, namely Pioneer Place and the acquisition of Charter Walk. Pioneer Place was initially reported to Full Council in December 2018, with revised schemes approved by Full Council in November 2020 and October 2021. The Development Agreement went unconditional in December 2021 and work commenced on site 24 January 2022. The acquisition of Charter Walk was approved by Full Council in July 2021 and the sale was completed in October 2021. The revenue costs for both of these schemes have been incorporated into the MTFs. Both of these developments will require taking on significant commercial risk over the lifetime of these projects (50 years and 30 years, respectively). The schemes will require significant amounts of borrowing – circa £36m for both schemes. This presents a threat to the financial viability of the Council. However, in partial mitigation, various strategies have been put in place. These include a strategy to build up reserves over the next 10 years to provide a buffer for budget pressures, specific reserves for the schemes to renew the assets and capture any over-performing income and recognition of limited capacity to take on other significant capital schemes. Any surplus generated by Charter Walk will be transferred into the Charter Walk Reserve to be used to meet future regeneration of the town centre. It is estimated that the surplus to be transferred into the reserve in 2022/23 will be around £0.8m.
44. Any additional capital projects under consideration require funding. If there is a shortfall in capital finance for these projects, then pursuing them and using borrowing will significantly increase the revenue budget. The revenue implications will be considered as part of the setting and monitoring of the capital programme.
45. An important issue to consider is the extent to which the Council will be utilising earmarked reserves and non-recurring income when setting the budget. Initiatives that are to be funded from earmarked reserves do not have assumed ongoing funding and the Council must therefore plan in future years to discontinue these activities or approve growth if they are to continue. The latter course of action would add to the savings requirement. It is not considered that the extent of funding from earmarked reserves factored into the 2023/24 revenue budget is unduly onerous and the levels of reserves forecast will be sufficient in accordance with the medium-term financial strategy (MTFS).
46. The Government has again postponed revising the methodology for allocating funding to Councils until at least 2025/26. This includes changes to the current business rates system together with a Fair Funding Review.
47. It is uncertain at this stage how changes to Local Government funding will impact on the Council's funding in future years.
48. Declining levels of income also continue to be a significant risk area and although substantial reductions in income receivable have been made to reflect current economic conditions there may be a further decrease in income levels supporting the revenue budget. This will be closely monitored as part of budget monitoring for 2023/24.
49. Pay inflation has been increased by 5% in 2023/24 reducing to 3% for 2024/25 onwards. However, if pay negotiations take place the actual increase may differ to that estimated +/- 1% fluctuation in the pay award will equate to +/- £90k. A provision for price inflation on contracts has been factored into the estimates for non-salary budgets. However, general

levels of inflation as measured in the retail prices index and the consumer prices index will increase in the future and this may lead to demands for higher pay and an increase in the prices of goods and services which the Council has to meet. The risk of any increase in inflation is considered likely in the existing climate and will be closely monitored.

50. The current Bank of England base rate is 3.5% with the next review due February 2023. The Council's Treasury Management Advisors (Link Asset Services) forecast a 0.5% increase to the base rate during the 2023/24 financial year. This will impact on the Council's revenue budget in these years as investment interest income to be received should increase.
51. Significant savings have been achieved by operating the Council's leisure services as a charitable company since its incorporation. Work has been undertaken in partnership with the Trust during this period to enable the Leisure Trust to become more self-sufficient. The cost-of-living crisis has had a significant financial impact on the Leisure Trust during the 2022/23 financial year. The Trust has worked hard to find the savings and funding required to balance the budget in 2022/23. However, the future financial impact remains uncertain and the Council will continue to work with the Leisure Trust to help to minimise this risk. Increased competition is expected during the coming months which may impact on the number of leisure memberships. To help ensure that risk is minimised there will continue to be regular monitoring of activity and financial performance in 2023/24 and beyond.
52. The Council entered into a contract with Liberata as our external service provider for around a third of Council services from 1<sup>st</sup> January 2016. The financial planning assumptions provided for a significant saving on previous in-house provision. It will be necessary to ensure that these savings are being delivered whilst maintaining service quality and standards. Procedures have been drawn up to enable the partnership to operate effectively. Nevertheless, this is a significant savings area which is currently and will continue to be, actively managed.
53. The impact of the Covid-19 pandemic and the cost-of-living crisis on the UK economy, especially around interest rates, the local economy, income generation and further spending pressures which may have an impact on future years budgets. The Council has created the Covid 19 & Cost of Living Reserve which can be utilised to assist in any further reductions in income or increases in expenditure.
54. Members will note the report that was considered by Full Council on 25<sup>th</sup> January 2023 regarding the quality of planning decisions. The Council remains at risk of being placed in Special Measures if 10% or more of the total number of major planning applications dealt with by a local authority are overturned at appeal during a two-year assessment period. This in effect removes the ability from the local planning authority to determine planning decisions within their borough for those applications against which they are judged to be underperforming. If placed in Special Measures not only can the local planning authority lose the ability to make the final decision on a planning application, but the situation also has the potential to weaken the authorities influence and negotiation position with applicants. It will also result in the loss of planning fees and would put pressure on the Council's revenue budget.
55. In summary, after taking consideration of the issues in this report and the risks referred to above, the 2023/24 revenue budget may be approved. Also, the assumed level of Council Tax that should be set in order to achieve a balanced budget as set out above should be confirmed.

56. The final decision that Members of the Council take will need to reflect the statutory (Section 25) report of the Chief Finance Officer as to the robustness of the assumptions that have been made in compiling the budget.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

57. As shown in the body of the report and appendices.

#### **POLICY IMPLICATIONS**

58. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.
59. Community Impact Assessment and Equality Impact Assessments have been completed and are included as Appendix 4.

#### **DETAILS OF CONSULTATION**

None.

#### **BACKGROUND PAPERS**

60. None.

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton-Smith – Head of Finance  
and Property**

**ALSO:**

**Amy Johnson – Finance Manager**