

This is an open report

Report to: Council

Date of Meeting(s): Wednesday, 1 March 2023

Subject: Revenue and Capital Budget Framework and Council Tax Setting

Report of: Director of Resources and Contracts (Deputy Chief Executive)

Contact Officer: Paul McKeivitt

Cabinet Portfolio Holder and area: Councillor Nazia Rehman Portfolio holder for Finance, Resources and Transformation

Summary:

To present to Council the Council Tax resolutions for 2023/24 and the Medium-Term Financial Plan.

To review the robustness and adequacy of Council reserves as indicated by the Council's Chief Finance officer under section 25 of the Local Government Finance Act 2003

To set the Prudential Indicators and Capital Programme and adopt the minimum revenue provision policy.

To review the Council's Pay Policy.

Link to Corporate Priorities:

Our People: Together we feel happy, safe, included and look out for each other:

- Best start in life for children and young people
- Happy healthy people
- Communities that care for each other

Our Place: Together we are proud of our towns and look after our environment:

- Vibrant town centres for all
- An environment to be proud of
- Embracing Culture, Sport and Heritage

Our Future: Together we will build a future where everyone has the opportunity to thrive:

- Economic growth that benefits everyone
- A well-connected place

- Confidently digital
- A home for all

Wards Affected: All

Recommendation(s): The Council is recommended to approve:

- (1) the Council Tax Resolutions, Calculations and rates for 2023/24 as detailed in Appendix 1 of this report., which incorporate a 2.99% increase in the General Rate of Council Tax and a 2% rise for the Adult Social Care precept;
- (2) the Budget and Medium Term financial plan 2023/24 – 2025/26 as set out in Appendix 2 (including the proposed changes to fees and charges as at Appendix 2a);
- (3) Council Tax premium charge increases in relation to Long Term Empty Properties, reduce the time frame before a Long Term Empty property attracts a premium charge and charge a premium on unoccupied/furnished “2nd homes” all effective from 1 April 2024 as set out in Appendix 2;
- (4) the Prudential Indicators in relation to the Capital Programme and the revised Operational Boundary and Authorised limits for 2023/24 as set out in Appendix 3;
- (5) the Capital Strategy together with Capital Programme as set out in Appendix 3;
- (6) the Minimum Revenue Provision Policy as set out in Appendix 3;
- (7) the Housing Revenue Account Estimates 2023/24 and Medium-Term Financial Plan to 2025/26 as set out in Appendix 4;
- (8) an indicative Schools Budget of £247.5m as set out in Appendix 5; and
- (9) the Pay Policy Statement as set out in Appendix 6.

Implications:

What are the financial implications?

The report provides details of the level of funding together with the proposed level of Council tax. After incorporating the 2.99% increase in general council tax and the 2% increase in the Adult Social Care precept the Council tax for 2023/24 at Band D equivalent will be £1,830.81. This figure includes the Greater Manchester Police, Greater Manchester Mayoral Precept (incorporating the Greater Manchester Fire and Rescue Authority).

Is budget release necessary (Capital Expenditure Only)?

Council approval is required for the proposed capital programme as set out in Appendix 3.

What are the legal implications?

The Council is required to set a balanced budget in accordance with the Local Government and Finance Act 1992 together with a Statement on the adequacy of financial reserves by the Council's Section 151 Officer under Section 25 of the Local Government Act 2003. The Council is also required under the Localism Act 2011 and in accordance with the Transparency code to publish an approved Pay Policy.

What are the staffing implications?

As the council continues to transform it is inevitable that there will be changes to the resourcing level within the council. Any changes will be assessed as plans are developed.

Equality and Diversity Impact Assessment attached or not required because (please give reason). If not required, then a relevance check needs to be completed.

As individual transformation plans are developed, they will be supported by the necessary impact assessments.

What are the property implications in terms of reduction, addition or change to the council's asset base or its occupation?

The proposed capital programme will involve changes to the Council's asset base

What are the Corporate Parenting Implications?

None identified in this report.

Risks:

The Medium Term Financial Plan shows that savings are required for the duration of the plan to ensure that the Council is best placed to meet the increasing demands on Adults and Children's social care. The Council has a strong track record in delivering the efficiencies necessary to ensure it remains in a sustainable financial position. The continued transformation in its services is key to this longer term sustainability. Significant risks remain within services and are detailed in Appendix 2 of this report.

Sustainability/Environmental implications:

The Council is required to set a balanced budget and must evidence that it is sustainable in the short to medium term. The medium term plan now reported takes, as usual, a prudent approach as there are many unknowns around the future of Local Government finances. This will ensure that the Council remains in a strong sustainable position.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?

Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

No

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

None as it is a legal requirement for the Council to set a budget

There are no background papers for this report.

Directorate Sign-off:	Paul McKeivitt
Date:	20 February 2023

Please list any appendices:

Appendix number or letter	Description
1	Council Tax 2023/24 and Statutory Calculations
2	Budget 2023/24 and Medium Term Financial Plan 2023/24-2025/26
3	Treasury Policy, Prudential Indicators, Capital Strategy and Minimum Revenue Provision
4	Housing Revenue Account Medium Term Financial Plan
5	Schools Budget 2023/24
6	Pay Policy 2023/24

1.0 Background:

- 1.1 The Provisional Local Government Financial Settlement was announced by the Government in December and has subsequently been updated in February when the final settlement was announced. There were only minor changes between the provisional and final versions.
- 1.2 The Local Government Settlement covers the years 2023/24 – 2024/25, however no detailed allocations have been provided for 2024/25, therefore the Medium-Term Financial Plan set out in Appendix 2 is based on assumptions for that year.
- 1.3 The Local Government Settlement for 2023/24 increased the overall spending power for Local Government by 9.2% cash terms. However, this increase assumes that all Councils would maximise the increase in Council Tax and Social Care Precept and has been included in the Governments figures for the foreseeable future.
- 1.4 The additional funding announced in the Local Government Financial Settlement has helped to bridge part of the gap in the budget, however, there is a requirement on all directorates to ensure that efficiencies are made. Efficiencies of £20.3m, £11.9m and £14.8m are required for the period 2023/24-2025/26 respectively.
- 1.5 Members will be aware that to date the Council has successfully met the financial challenges it has faced by taking difficult decisions early. The continuation of this approach has allowed the Council to remain in a sustainable financial position. A Transformation Board chaired by S151 Officer and includes all directors has been established to drive through plans and efficiencies.
- 1.6 As in previous years wherever possible Directorates will continue to contain pressures within the areas that they service.

2.0 Council Tax Base

- 2.1 The Council Tax Base must be set under regulation by 31 January each year. For 2023/24 the figure has been set at 96,500 (94,100 for 2022/23). The increase of 2,400 is evidence that the house building market in the Borough is really buoyant which provide a real benefit towards the 2023/24 budget gap. The increase is prudent as the impact of the cost of living crisis is not yet fully known and as there is potential for more people to lose their jobs which could result in an increase in those accessing the Local Council Tax Support scheme which is funded by the Council. The increase in council tax support in effect reduces the council's tax base and therefore reduces its overall yield from Council Tax.

3.0 Council Tax

- 3.1 Cabinet has proposed, and Council are now invited to approve an increase of 2.99% in general council tax for 2023/24 and a 2% increase for the Adult Social Care precept as announced by the Government. The Council Tax resolutions are included in Appendix 1.
- 3.2 The table below provides a breakdown of the Council Tax at Band A and D for 2023/24. The figures include the Greater Manchester Mayoral Precept. This includes the former Greater Manchester Fire and Rescue Authority together with an amount proposed by the Elected Mayor Andy Burnham which will provide the funds necessary to deliver his strategic plans for the Greater Manchester Region. Amounts for the Mayoral Police and Crime Commissioner are also included.

Analysis of Council Tax Overall Precept			
	Total Amount	Band A	Band D
Wigan Council	£142,777,644	£986.37	£1,479.56
Mayoral General inc Fire and Rescue	£10,417,175	£71.96	£107.95
Mayoral Police and Crime Commissioner	£23,478,450	£162.20	£243.30
		£1,220.53	£1,830.81

4.0 Reserves and Balances

- 4.1 Reserves are earmarked for a specific purpose and available only once which is why we have not proposed the use of reserves to support the Council's Budget Strategy. We have maximised their use to assist in the delivery of our Deal 2030 principles. Reserves will continue to be utilised to provide continued support as we look to the future.
- 4.2 During the development of this budget and medium term financial plan an assessment of the increasing costs of construction has been recognised and as a result we have included a contingency within the capital programme (reported in appendix 3 to this report). This contingency will be funded from our existing earmarked reserves.
- 4.3 A key part of the financial position for a Local Authority is the adequacy of its financial reserves. The Local Government Act 2003 (Section 25) requires me to report on the robustness of the budget and the level of financial reserves. As section 151 Officer I need to ensure that the Council maintain a sufficient level of balances and reserves. General Balances are held as a contingency against risks not provided for in the Council's financial plans and are available to provide that one-off funding for emergencies such as local disasters etc. The level of the General fund Balance is an important indicator of a Council's

financial position as insufficient levels will place the Council at significant financial risk. The level of balances at Wigan are assessed annually and are currently at c£13m which is deemed to be sufficient.

5.0 Fees and Charges

5.1 Appendix 2b provides details of the Directorate reviews of their respective fees and charges together with details of any proposed increases to existing charges.

6.0 Schools Budget

6.1 Details of the Dedicated Schools Grant announced by the Department for Education for 2023/24 are included at Appendix 5. The grant has been confirmed at £247.5m for 2023/24.

7.0 Housing Revenue Account

7.1 The HRA has also proposed a capital programme for 2023/24 – 2025/26. A review of the HRA capital programme is underway and a revised Strategy is being developed to better meet the needs of our council house tenants and provide a long term strategic plan for the maintenance and development of our housing stock. Together with an enhanced model for delivery the intention is to utilise additional borrowing subject to affordability.

7.2 The Housing Revenue Account is a ring-fenced account and is totally separate from the General Fund Budget. Full details of the HRA Budget and Medium-Term Financial Plan are included at Appendix 4. As with the General Fund the HRA must maintain a prudent level of balances in order to provide an adequate level of financial cover for unforeseen circumstances. The minimum level is currently assessed at £4.7m, and it is anticipated that the opening balances for 2023/24 will be £10.2m.

8.0 Conclusions

8.1 The delivery of this medium-term financial plan will continue to maintain the financial position of the Council. The plan has been developed alongside the Deal 2030 strategy and focuses on the regeneration of the borough's towns, together with improving the quality of life for our residents by continuing to improve and provide quality services to our residents.

8.2 The continued uncertainty around the future of funding for Local Government make it difficult to say with any confidence what our position will be in future years. This makes it more important that Directorates deliver the planned level

of efficiencies to ensure we are in the best possible financial health. The longer term sustainability of the Council is a key part of this Budget Strategy

Relevance Check

Budget Reduction/Service Area: Finance

Service Lead: Jane Green

Date: 21/02/23

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

N/A

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service you provide?

N/A

Is a Customer Impact Assessment needed? No