



Mayor and Cabinet

Officer response to Public Accounts Select Committee comments on the draft 2022-23 Budget Report

Date: 9 February 2022.

Key decision: No.

Class: Part 1.

Wards affected: All.

Contributor: Executive Director for Corporate Resources

Outline and recommendations

This report provides an officer report for Mayor and Cabinet (M&C) in response to the comments and views of the Public Accounts Select Committee, arising from discussions on the Council's draft 2022-23 Budget Report.

Mayor and Cabinet is asked to consider this report alongside the views of the select committee as part of its overall consideration of the budget.

Timeline of engagement and decision-making

- 9 December 2020 – budget cuts report to Mayor and Cabinet
- 3 February 2021 – budget cuts report to Mayor and Cabinet
- 3 March 2021 – budget report to Council
- 14 July 2021 – 2021/22 financial monitoring report to Mayor and Cabinet
- 14 July 2021 – medium term financial strategy to Mayor and Cabinet
- 6 October 2021 – 2021/22 financial monitoring report to Mayor and Cabinet
- 27 January 2022 – budget reduction proposals and draft budget 2022-23 report to Public Accounts Select Committee
- 2 February 2022 – budget reduction proposals to Mayor and Cabinet
- 9 February 2022 – draft 2022-23 budget report to Mayor and Cabinet

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1. Summary

- 1.1. On Thursday 27 January 2022, the Public Accounts Select Committee considered a report on the Council's draft 2022-23 budget ([Public Accounts Select Committee agenda 27 January 2022](#)). The Committee heard from the Executive Director for Corporate Resources and following discussion members agreed to refer their views to Mayor and Cabinet.
- 1.2. This report sets out the officer response to the comments made by the Public Accounts Select Committee for Mayor and Cabinet to consider alongside its consideration of the Budget Report 2022-23.

2. Recommendation

- 2.1. Mayor and Cabinet is asked to consider the officers response to the committee's comments on the Budget Report 2022-23.

3. Select committee comments

- 3.1. The Committee wishes to place on record its thanks and appreciation for the hard work and dedication of Council officers. In particular, it recognises the level of dedication, professionalism and determination demonstrated by officers in the Corporate Resources Directorate, led commendably by Kathy Freeman (Executive Director for Corporate Resources) and supported by the Directors of Finance and the Head of Financial Strategy, Planning and Commercial. Members recognise the difficult task facing officers in producing a well-considered and balanced budget in the context of uncertainty and ongoing austerity. The Committee asks Mayor and Cabinet to recognise and thank all of the officers who contributed to the delivery of the budget report.
- 3.2. The Committee recommends that further detail should be provided to Mayor and Cabinet on the possible unallocated budget pressures arising from the Council's response to the pandemic (and its associated consequences). It notes that there is the potential for significant overspending across a number of services. And, whilst officers' intended approach to monitoring and managing these risks is acknowledged – the Committee believes that the budget report should further highlight and delineate the potential for significant in-year pressures and overspending, should the ongoing impact of the pandemic be greater than anticipated or healthcare partners unable to assume responsibility for the costs.

Officer Response

- 3.3. The Executive Director for Corporate Resources notes the comments made by the Public Accounts Select Committee, and responds that the Budget Report 2022-23 sets out in detail the anticipated pressures to the Council's budget for 2022/23 in paragraphs 6.22 – 6.57. It describes those pressures which are known and quantified and for which mitigation and avoidance is not possible, and therefore recommends that these be funded in 2022/23 so as to ensure that the budget is not only balanced at the start of the year, but should remain so throughout the year. These pressures include both once off pressures which require only a single year of additional funding to manage but also permanent pressures for which base budget growth is recommended.
- 3.4. These pressures included inflationary pressures brought about by the current economic recession, changing demographics in the borough which drive changing resident and service needs, and of course the long term impact from the pandemic, known as Covid scarring. The detail of these items is set out in table A2 and paragraphs 6.29 – 6.42.
- 3.5. However, as the Public Accounts Select Committee has rightly noted, not all pressures

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identified have been funded in full, including those associated with the ongoing impact of the pandemic. In preparing the draft budget the Executive Management Team (EMT) considered and reviewed all of these pressures put forward by services seeking funding in 2022/23. It was accepted and understood by EMT that increasing the pressures to be funded directly increased the resultant budget gap and the savings target for next year's budget. As such, EMT proposed a lower savings target and that a number of risks would be managed by services directly, with the possibility as well that some of these would not materialise to the extent initially forecast.

- 3.6. It is estimated that over £9m of COVID related costs/loss of income will continue into 2022/23 of which circa £4.5m has been incorporated into the budget for next year, with the balance of these pressures being managed by the services through cost reduction measures and efficiencies within their budgets. Following the meeting of the Public Accounts Select Committee on the 27 January 2022, officers amended the Budget Report in paragraph 6.51 to explicitly draw out the level of expected Covid pressures and the proposed funding levels to make clearer the level of financial risk remaining. Officers also note that in addition to the specific Covid pressures funded, there is £1.877m of monies held corporately for additional service investment, transformation and contingency, as set out in paragraphs 6.43 – 6.54, which will provide additional financial resilience in the year.
- 3.7. Finally, the Executive Director for Corporate Resources notes that Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA's current Local Authority Accounting Panel (LAAP) Bulletin 99 on 'Local Authority Reserves and Balances'.
- 3.8. Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the Monitoring officer and Head of Paid Service, if there is or is likely to be unlawful expenditure or an unbalanced budget.
- 3.9. This Section 25 statement is included in the Budget Report 2022-23 appendices as Appendix Y6. The Statement sets out the robustness of the Council's budget in respect of external and internal risks for 2022/23, addressing the adequacy of the Council's ability to respond to the challenges ahead, whilst simultaneously supporting the Borough's renewal in an uncertain, post pandemic world.
- 3.10. Sections 5 and 6 detail the extent and nature of the risks to the budget, including both those for which funding is proposed and those that remain unfunded. Detail is provided on the extent and nature of the Covid scarring risks and the Section 25 Statement concludes that: "*despite the funding uncertainties, delivery challenges and an extended capital programme, there are sufficient provisions and healthy reserves to manage potential risks and external shocks to our financial position. In summary, I am satisfied that the Council's budget for 2022/23 as proposed is robust.*"

4. Financial implications

- 4.1. There are no direct financial implications arising from this report, all relevant financial implications are contained within the Budget Report 2022-23.

5. Legal implications

- 5.1. The Constitution provides for select committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not

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including recess).

- 5.2. There are no direct legal implications arising from this report, the relevant legal implications are as set out in the Budget Report 2022/23.

6. Equalities implications

- 6.1. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.2. The Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 6.3. There are no direct equalities implications arising from this report, all relevant equalities implications are as set out in the Budget Report 2022/23.

7. Climate change and environmental implications

- 7.1. There are no direct climate change or environmental implications arising from this report, all relevant climate change and environmental implications are as set out in the Budget Report 2022/23.

8. Crime and disorder implications

- 8.1. There are no direct crime and disorder implications arising from this report, all relevant climate change and environmental implications are as set out in the Budget Report 2022/23.

9. Health and wellbeing implications

- 9.1. There are no direct health and wellbeing implications arising from this report, all relevant climate change and environmental implications are as set out in the Budget Report 2022/23.

10. Background documents

- 10.1. [Public Accounts Select Committee agenda 27 January 2022](#)

Report author and contact

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