



Report to: Cabinet Meeting - 21 February 2023

Portfolio Holder: Councillor David Lloyd, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive

Lead Officer: Nick Wilson, Business Manager – Financial Services, Extension 5317

Report Summary	
<b>Type of Report</b>	Open Report, Key Decision
<b>Report Title</b>	2023/24 Proposed Revenue Budget
<b>Purpose of Report</b>	To enable Cabinet to consider the spending proposals in the council’s proposed 2023/24 General Fund revenue budget and make recommendations to Full Council for its meeting on 9 March 2023.
<b>Recommendations</b>	<p>That Cabinet recommends to Full Council at its meeting on 9 March 2023 that:</p> <ul style="list-style-type: none"> <li>i. the following amounts be now calculated by the council for the 2023/24 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011: <ul style="list-style-type: none"> <li>1. £51,696,080 being the aggregate of the amounts which the council estimates for items set out in Section 31A(2)(a) to (f) of the Act (the District Council’s gross expenditure for 2022/23);</li> <li>2. £32,709,480 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (the District Council’s gross income for 2022/23); and</li> <li>3. £18,986,600 being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) above, calculated by the council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year;</li> </ul> </li> <li>ii. the figures shown as i.1. and i.3. above to be increased only by the amount of Parish Precepts for 2023/24;</li> <li>iii. the budget amounts included in the report be the council’s budget for 2023/24; and</li> <li>iv. the fees and charges shown in Appendices C1-C21 be implemented with effect from 1 April 2023.</li> </ul>
<b>Alternative Options Considered</b>	Not applicable.

<b>Reason for Recommendations</b>	To enable Cabinet to make recommendations to Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, for the purposes of setting Council Tax levels for the 2022/23 financial year.
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## 1.0 Background

- 2.1 This report sets out details of the Council’s proposed General Fund revenue budget for the 2023/24 financial year. The GF revenue budget has been prepared in accordance with the Council’s budget setting strategy for 2023/24 which was approved by Cabinet on 12 July 2022.
- 2.2 The 2023/24 General Fund revenue budget has accordingly been derived from the 2023/24 base budget within the Medium-Term Financial Plan (MTFP) approved by full Council on 8 March 2022. In accordance with the Budget Strategy, growth and efficiencies have been included based on the engagement with Portfolio Holders throughout the budget setting process. Additionally, changes as described in the Budget Strategy around pay awards and inflation, have also amended that base position.

## 2.0 Financial Summary

- 2.1 The Council’s proposed 2023/24 General Fund (GF) revenue budget is shown in further detail, including information on priority areas in **Appendices A1 to A3** to this report. The current overall position is summarised below:

Line in Appendix A1		2023/24 (£)
6	Total service budgets	18,986,600
11	Total other operating income & expenditure	1,436,050
16	Total financing and investment income & expenditure	(561,450)
27 & 28	Less capital reversals	(2,902,200)
	<b>Total Expenditure</b>	<b>16,959,000</b>
17 to 22	Other government grants	(2,115,860)
23 & 24	Non-Domestic Rates (NDR) (Business Rates)	(8,536,000)
29 & 30	Contributions to or (from) Usable Reserves	1,451,030
31	Net call on Council Tax	7,758,170
32 & 33	Council Tax Adjustments	147,000
34	Amount to collect through Council Tax	7,905,170

- 2.2 As the total service budgets (line 5 of **Appendix A1**) include capital costs, the table below breaks down the total service budgets for each Committee by the amounts which relate to capital costs and which relate to cash budgets:

Line in Appendix A1	Portfolio	2023/24 base budget (March 2022) (£)	2023/24 base budget (February 2023) (£)	Variance (£)
Without Capital costs	Cleaner, Safer, Greener	4,491,120	5,181,330	690,210
	Economic Development & Visitors	1,435,790	1,063,200	(372,590)
	Homes & Health	1,248,940	1,758,670	509,730
	Organisational Development & Governance	4,579,120	4,788,440	209,320
	Strategy, Performance & Finance	2,761,890	3,292,760	530,870
	<b>Cash Service Budgets</b>	<b>14,516,860</b>	<b>16,084,400</b>	<b>1,567,540</b>

Capital costs	Cleaner, Safer, Greener	949,550	670,650	(278,900)
	Economic Development & Visitors	691,780	499,700	(192,080)
	Homes & Health	584,170	880,380	296,210
	Organisational Development & Governance	453,860	714,760	260,900
	Strategy, Performance & Finance	1,680	136,710	(135,030)
<b>27 &amp; 28</b>	<b>Capital Service Budgets</b>	<b>2,691,040</b>	<b>2,902,200</b>	<b>221,160</b>

1	Cleaner, Safer, Greener	5,440,670	5,851,980	411,310
2	Economic Development & Visitors	2,127,570	1,562,900	(564,670)
3	Homes & Health	1,833,110	2,639,050	805,940
4	Organisational Development & Governance	5,032,980	5,503,200	470,220
5	Strategy, Performance & Finance	2,763,570	3,429,470	665,900
<b>6</b>	<b>Total Service Budgets</b>	<b>17,197,900</b>	<b>18,986,600</b>	<b>1,788,700</b>

2.3 The table below shows how the 2023/24 base budget approved by Full Council on 8 March 2022, has been adjusted for changes based on paragraph 2.2 above.

Portfolio	2023/24 base budget (March 2022) (£)	Realignments	Salary Uplift	Approved Variations	Inflation	Requested Changes	2023/24 base budget (February 2023) (£)
CSG	4,491,120	(163,130)	455,720	(31,550)	75,338	353,832	5,181,330
EDV	1,435,790	(339,010)	172,544	161,303	36,180	(403,607)	1,063,200
H&H	1,248,940	(9,220)	200,920	133,630	27,580	156,820	1,758,670
ODG	4,579,120	91,040	258,510	41,200	43,620	(225,050)	4,788,440
SPF	2,761,890	420,320	(162,450)	505,550	24,050	(256,600)	3,292,760
<b>Non-Capital</b>	<b>14,516,860</b>	<b>0</b>	<b>925,244</b>	<b>810,133</b>	<b>206,768</b>	<b>(374,605)</b>	<b>16,084,400</b>

### **3.0 Development of Proposed 2023/24 General Fund Revenue Budget**

3.1 The development of the proposed 2023/24 General Fund budget was set out in the Budget Strategy document that was presented to Cabinet on 12 July 2022. This set out the strategy for the year which was to build upon the notional 2023/24 budget as compiled in the preparation of the MTFP for the 2022/23 to 2025/26 which was approved by Council on 8 March 2022.

3.2 Portfolio Holders met with responsible Directors to review proposed level of resources to meet the objectives from within the Council's current approved Community Plan for the 2023/24 financial year. The portfolio holder for Strategy, Performance and Finance has also reviewed the overall Council Position. Subsequently, this budget has therefore been proposed for the 2023/24 financial year.

3.3 The proposed 2023/24 General Fund revenue budget collates various types of information, such as the:

- a) level of government grant receivable;
- b) expected level of council tax and business rates income;
- c) expected level of other income, such as from fees and charges;
- d) expected level of spend on employees; and
- e) expected use of reserves.

3.4 The sub-sections in this part of the report summarise these and other areas of importance.

#### **Local Government Finance Settlement: Settlement Funding Assessment (SFA)**

3.5 The annual Local Government Finance Settlement provides councils with the amount of government grant and other information crucial for setting the next financial year's budget. The provisional settlement was announced on 19 December 2022, and the final settlement was announced is still to be announced.

3.6 The Settlement Funding Assessment (SFA) which the government will give councils next year is a combination of Revenue Support Grant (RSG) and the council's local share of redistributed business rates.

3.7 The government will pay Newark and Sherwood £3.765m in SFA for 2022/23. This amount has effectively been the same since 2020/21 with inflationary increases in RSG. The table below breaks down the council's SFA for the five financial years between 2019/20 and 2023/24. This shows an increase in government funding of 9.2% over that period (up from 1.7% increase in the 2022/23 financial year).

	2019/20 (£)	2020/21 (£)	2021/22 (£)	2022/23 (£)	2023/24 (£)
Revenue Support Grant (RSG)	82,785	84,134	84,599	87,743	228,403
Baseline Funding Level (BFL)	3,618,775	3,677,736	3,677,736	3,677,736	3,815,364
Settlement Funding Assessment (SFA)	3,701,560	3,761,870	3,762,335	3,765,479	4,043,767

3.8 In addition to the council’s BFL payment from the government, the council may also receive business rates from the Nottinghamshire Business Rates Pool and retain a proportion of locally generated business rates. Further details can be found in paragraph 4.42.

Proposed 2023/24 Council Tax

3.9 Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.

3.10 An authority’s relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council (NSDC) includes the levy that Internal Drainage Boards charge the Council.

3.11 Since 2016/17, shire district councils have been able to increase council tax by the greater of the core principle or £5.00 without holding referenda. For 2018/19 and 2019/20, the core principle was 3%; and for all other years, 2%.

3.12 The proposed core principle for 2023/24 is 3%. The government’s proposed council tax referendum principle for shire district councils therefore permits increases in the council’s 2023/24 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.

3.13 The assumed council tax increase within these budget papers is an increase in the band D equivalent of 1.94%, or £3.60 per year based on the band D average. As 73% of the properties in Newark and Sherwood are in bands A to C, the increase for these properties will be less than £3.60 per year.

3.14 The council tax base (being the number of band D equivalent properties within the district) assumes a 1.014% increase on 2022/23, to account for both a change in methodology and increase in number of properties within the District.

Proposed 2023/24 Budget – General Principles

3.15 The appropriate bases agreed in the Budget Strategy and used in the preparation of the budget are:

a)	Employees	<p>Some of the main assumptions used to budget for employee costs for 2023/24 are:</p> <ul style="list-style-type: none"> <li>• a 5% increase in 2023/24 basic pay and 3% thereafter (in addition to the £1,925 increase for 2022/23);</li> <li>• a 1.75% increase in the council’s rate of National Insurance (NI) contributions;</li> <li>• an increase in pay point for employees not at the post’s highest pay point; and</li> <li>• a 5.0% vacancy rate.</li> </ul>
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		5.0% of the council's total salary budget, or £917,600, has been budgeted to be saved from posts that remain vacant for a period of time before being filled.
b)	Employer's Superannuation	<p>Pension-related costs have been budgeted for in line with the actuarial review which took place as at 31 March 2022 for the three years between 2023/24 and 2025/26.</p> <p>The Council's budgeted pension-related costs have increased, because its total 2023/24 basic pay budgets have increased. The Council's primary rate (charged as a proportion of basic salary at employee level) is 18.6%.</p>
c)	General Inflation	Most non-pay expenditure budgets have been uplifted by 5%. Specific budgets have had larger increases on where applicable. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, are expected to increase by less than 5%. Income Budgets have been increased where appropriate based on the Fees and Charges schedule.
d)	Average Interest Rate re External Debt	The Council's General Fund borrowing will be in accordance with the Prudential Code for Capital Finance in Local Authorities. The cost of borrowing will depend on the rates available at the time that funding is required.
e)	Capital Charges	<p>The proposed budgets for each Portfolio (<b>Appendix A1</b>, lines 1-5) includes the notional costs of assets used in delivering services, so that the council can reflect the true cost of delivering services.</p> <p>Statute, however, requires these capital charges be reversed out (<b>Appendix A1</b>, lines 26 &amp; 27) and replaced with the cost to the council taxpayer of the underlying capital decisions that have yet to be financed (Minimum Revenue Provision (MRP)) (<b>Appendix A1</b>, line 12). Legislation determines that council taxpayers cannot be charged for the notional costs of assets used.</p>
f)	Capital Financing Charges	<p>The Council's General Fund (GF) revenue budget is charged when the council borrows to fund the purchase or creation of non-current assets. These charges will be in line with the council's Minimum Revenue Provision (MRP) policy for 2023/24 to be approved by Council on 9 March 2023.</p> <p>MRP is a charge to the taxpayer, calculated by apportioning the value borrowed for assets over their expected useful lives.</p>

3.16 A summary of the main reasons for changes requested in the table at paragraph 3.3 are listed below:

Reason for change in 2023/24 base budget (February 2023), compared to 2023/24 base budget (March 2022)	Variance (£)
Employee-related changes, regarding recently agreed uplift in salaries by £1,925	925,244
Inflationary increases	208,758
Increase in recharges to the HRA	(401,980)
Increase in Environmental Services Budget for new 'POP' Bulky waste collection Regulations and 6 months Glass Recycling	313,530

X2 new posts in Development Management	149,160
Community Grants increase	87,500
Increase in Lorry Park Fees and Charges and introduction of parking income at Bowbridge Road	(195,000)
Revision of desk licence numbers and rental charges at Castle House and increases in Fees and Charges at the Beacon	(164,890)

### 2023/24 Employee Plan

- 3.17 The salary budget for the General Fund has been based on 449.25 and Housing Revenue Account 66.51 full-time equivalent (FTE) employees in 2023/24, a total of 515.75 FTEs. Any changes to the establishment will require the relevant approvals.

### Fees and Charges Review

- 3.18 The fees and charges for many services administered by the local authority are set by statute. The amounts for these, and their timing and review, are therefore prescribed by central government. There remains, however, many services where the council has the ability to review and if necessary, amend its charges or charging regime.
- 3.19 In accordance with the council's Constitution, each service area should consider the level of fees and charges to be implemented in the following financial year as part of the process of service planning and budget setting.
- 3.20 The proposals for the levels of fees and charges to be implemented from 1 April 2023 were reviewed by Portfolio Holders during December and have now been updated where appropriate. The council is currently budgeting to receive £5.6m of income from fees and charges in 2023/24. This is a Increase of £0.356m from 2022/23.
- 3.21 The table below summarises the services which provide the council with most of its fees and charges income, and the fees and charges income budgeted from these services for 2023/24:

Service	2023/24 base budget (March 2022) (£)	2023/24 base budget (February 2023) (£)	Summary
Trade Waste, Recycling and Garden Bins	1,640,570	1,903,150	<p>Businesses based in Newark and Sherwood have to pay for their waste to be collected and disposed of. Nottinghamshire County Council sets the waste disposal charges for all district and borough councils in the county, through its statutory role as the Waste Disposal Authority for these authorities.</p> <p>Income now includes the introduction of Glass Recycling.</p> <p>Further details of these and the other proposed charges for 2023/24 can be found in <b>Appendix E12</b>.</p>

Car and Lorry Parking	1,362,370	1,564,040	The car parking charges proposed for 2023/24 are largely the same as those in 2022/23, though increases have been proposed for lorry parking. Further details can be found in <b>Appendix E15</b> .
Planning	1,118,650	1,109,080	Planning application fees are statutory, set by the government, whereas pre-application advice fees are discretionary, set by the council. The council categorises its pre-application advice fees by the size and type of developments. Further details, including the statutory fees chargeable, can be found in <b>Appendices E1 &amp; E2</b> .
Culture	869,110	852,810	The charges related to the Palace Theatre Newark, National Civil War Centre, and Newark Castle and Gardens proposed for 2023/24 are largely the same as those in 2022/23. Further details can be found in <b>Appendix E5</b> .
Environmental Health	170,640	171,640	The Environmental Health section provides a range of services, such as food safety and pollution control. Some of these are statutory, and some discretionary. Increases have been proposed for some of the discretionary environmental health fees for 2023/24, to ensure that the council recovers the full cost of services provided. Further details can be found in <b>Appendix E10</b> .  The dog warden charges proposed for 2023/24 are the same as those in 2022/23. Further details can be found in <b>Appendix E11</b> .

3.22 Details of the council's proposed charges for 2023/24 for all services can be found in **Appendices C1-C21**.

Total Financing and Investment income & expenditure (**Appendix A1**, line 16)

3.23 Capital financing costs have been estimated based on assumptions of interest rates going forward, taking into account the forecasts of cash balances over the next year. Due to their nature and composition, however, they are subject to change on a regular basis. This reflects movements in the financial markets as well as changes to the predicted cashflow.

3.24 The council will seek to borrow money from the most efficient and effective institution in order to support its cash flow position. Regard will be taken to the council's Treasury Strategy (which is subject to a separate report which was considered by the Audit and Accounts Committee on 1 February 2023 and is due to be approved by Full Council on 8 March 2022) and due diligence through the council's Treasury Advisers.

3.25 In previous financial years, decisions regarding capital expenditure have been taken to utilise internal resources and maintain an under-borrowed position against its Capital Financing Requirement. This is not uncommon across the Local Government sector, at a time when budgets have been squeezed, but reserves have existed. The council is proposing to utilise some of its reserves on projects such as the Yorke Drive and the Southern link Road. This means that as cash backed by these reserves will be utilised, there is a potential need to borrow money to ensure that the Council has cash at hand to service its day to day costs.



- 3.26 There is an overall reduction in the total net Financing and Investment income & expenditure of £724,780 (**Appendix A1**, line 16) in 2023/24. The 2023/24 interest receivable budget is higher than was budgeted for in March 2022, mainly due to the increase in investment balances and associated interest rates increasing during the year.
- 3.27 All treasury investments are made in line with the Council’s Treasury Management Strategy. Advice from the council’s external treasury consultants will be sought prior to the investment of any funds to ensure maximum scrutiny is taken on any decision making.

Contribution to or from Reserves

- 3.28 Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council’s proposed budget and robustness of estimates made.
- 3.29 The Council’s s151 Officer has reviewed the adequacy of the council’s financial reserves to ensure that these are neither too low (imprudent) or too high (overprudent) based on their purpose and likely use.
- 3.30 The table below summarises the amount of council earmarked reserves as at 31 March 2022, and forecasts of these as at 31 March 2022 and 31 March 2023.

	<b>At 31 March 2022 (£)</b>	<b>Forecast at 31 March 2023 (£)</b>	<b>Forecast at 31 March 2024 (£)</b>
Revenue Reserves and Balances	35,123,907	27,814,833	24,406,251
Capital Reserves	15,333,228	13,179,942	11,752,532
Ring Fenced Reserves	144,801	144,801	144,801
<b>Total Reserves and Balances</b>	<b>50,601,937</b>	<b>41,139,577</b>	<b>36,303,584</b>

- 3.31 The main reductions relate to the funding of the 2023/24 budget through the Collection Fund Budget reserve, and the use of grant funding previously received for key infrastructure projects. The Collection Fund Budget reserve relates to the timing of receipt of Section 31 grants regarding the extended retail relief given to businesses during 2023/24.

General Fund Balance

- 3.32 The council’s £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified. For the council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.
- 3.33 The council’s total forecast reserves and general fund balance to 31 March 2024 is £33,303,584. The s151 Officer of the Council is satisfied with the adequacy of the levels of reserves and balances.

3.34 The budget has been prepared in accordance with the budget strategy approved Cabinet on 12 July 2022. The draft budget has been scrutinised and challenged by the Council’s Senior Leadership Team, the Leader and Portfolio Holders. The draft budget (and Medium Term Financial Plan) has also been scrutinised informally by the ruling political group. The s151 Officer of the council is therefore satisfied by the robustness of the estimates and assumptions underpinning the budget for 2023/34.

Parish and Town Council Precepts

3.35 Parish and town councils can raise money to help meet their spending requirements by issuing a ‘precept’ (mandatory demand) to the district council. The district council must account for such precepts when calculating its council tax requirement. Council tax requirement is the amount of money that councils need to raise from council tax to fund council spending once income from other sources (such as government grants) have been deducted.

3.36 The council is still awaiting confirmation from each parish and town council regarding their level of precept for 2023/24. These details will be included in the revenue budget and council tax setting report to be presented to Council on 9 March 2023.

Business Rates/Non-Domestic Rates (NDR) (Appendix A1, lines 24 & 25)

3.37 Under the NDR system, businesses pay councils based on the open market rental value of their business property, as estimated by the government’s Valuation Office Agency (VOA). The rate payable by small businesses in 2023/24 will be 49.9p per pound (49.9%) of their property’s rateable value, and the rate payable by other businesses 1.3p per pound more than this (51.2p per pound, or 51.2%).

3.38 As mentioned in paragraph 3.7, though the government has allocated £3.815m of business rates to the council for 2023/24, the total amount of business rates retained by the council in 2024/24 may exceed this amount, depending on how the council and other Nottinghamshire Business Rates Pool authorities perform throughout 2023/24. It has currently been forecast that the return funding from the pool for the 2023/24 financial year will be £600,000 which has been built into the council’s Medium Term Financial Plan.

3.39 The council is budgeting to retain £8.536m of business rates for 2023/24 (Appendix A1, lines 24 & 25). This includes the £3.815m referred to in paragraph 3.7; additional income, such as local growth above this baseline and from relevant renewable energy projects; and additional expenditure; such as the levy on additional income.

Calculation	Items relating to 2022/23 NDR income budget	Amount (£m)
1	NDR income + section 31 grants* *Excludes compensation for under-indexing the multiplier	19.966
2	Compensation for under-indexing the multiplier	1.557
3 = 1 + 2	NDR income + section 31 grants** **Includes compensation for under-indexing the multiplier	20.470

4	Tariff	(12.006)
5 = 50% of (1 + 4 - BFL)	Levy	(2.073)
6	Renewable Energy	1.258
7 = 3 + 4 + 5 + 6	2023/24 NDR income budget* *2022/23 surplus	8.702
8	2022/23 surplus	0.175
9 = 7 + 8	2022/23 NDR income budget** ** Includes spreading adjustment	8.877

### Council Tax Requirement

- 3.40 The Council Tax Requirement is the amount of money that councils need to raise from council tax to fund council spending once income from other sources (such as government grants) have been deducted.
- 3.41 The council's 2023/24 net budget requirement is £16,959,000, as shown in the table in paragraph 2.1. This is partly offset by government grant income of £2,115m; projected business rates income of £8.536m and projected transfers from reserves of £1.6m. After including these sources of income, the net call on the Collection Fund before Parish Precepts are added is £7,905,170 (**Appendix A1**, line 34).

### Subjective Analysis

- 3.42 **Appendix A2** contains a breakdown of the council's General Fund revenue budget for 2023/24 by statutory categories used to categorise expenditure and income.

### Risk Assessment and Sensitivity

- 3.43 As mentioned in paragraph 3.28, section 25 of the *Local Government Act 2003* requires the council's chief finance officer, currently the Director of Resources and Deputy Chief Executive, to report on the robustness of estimates made in the council's proposed budget. This section fulfils that requirement.
- 3.44 In considering the council's proposed budget for 2023/24 and the sensitivity of expenditure and income to changes, it should be noted that:
- a) a 1% increase in Council Tax is equivalent to £77,547 of net expenditure; and
  - b) a £1 increase in Council Tax is equivalent to £41,790 of net expenditure.
- 3.45 Various assumptions were required to be made when preparing the proposed 2023/24 budget. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

### 2023/24 Pay Award

- 3.46 Employee costs form a significant proportion of all district council budgets. As mentioned in paragraph 3.15, the 2023/24 budgets have been prepared assuming a 5% annual increase in basic pay.
- 3.47 The National Joint Council (NJC) for Local Government Services' pay award for 2023/24 has not yet been finalised. If the 2023/24 pay award agrees a more than 5% increase in basic pay, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. A 1% increase over and above the budgeted 5% in basic pay for 2023/24 would result in around £136,760 needing to be funded from reserves.

### Income

- 3.48 A significant part of the council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets and have considered factors expected to affect future income levels, to ensure the 2023/24 income budgets for services have been set at levels considered achievable.
- 3.49 Significant underperformance against budgeted income would increase the council's annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost £56,000, or a council tax increase equivalent to £1.36 per property (0.73%).
- 3.50 Officers closely monitor income levels as part of the council's monthly budget monitoring processes.
- 3.51 Officers plan to develop a more detailed understanding of the volumes of activity which underpin each of the council's main income sources. This will allow the council to more accurately model changes to expected activity levels, as well as increase assurance regarding the risks of such changes materialising.

### Other Significant Potential Risks

- 3.52 Though less likely, but other assumptions which could result in the council's actual expenditure and/or income varying significantly from its proposed budgets are below:

a)	Interest rates	<p>The proposed 2023/24 budget includes amounts for both interest payable (<b>Appendix A1</b>, line 14) and interest receivable (<b>Appendix A1</b>, line 15). This is because the council expects that it will both borrow money and lend money throughout the 2023/24 financial year.</p> <p>The budgeted amounts for 2023/24 have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2023/24 will likely differ from those budgeted.</p> <p>The impact of a 1% change in interest rate would be insignificant on the council's overall budget.</p>
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b)	General Inflation	<p>As mentioned in paragraph 3.17, the proposed service budgets for 2023/24 include increases for inflation where appropriate.</p> <p>The most recent month for which inflation data was available at the time of writing is December 2022. There was a 8.2% increase in inflation (Consumer Prices Index (CPI)) from December 2021.</p> <p>Though it is likely that actual inflation rates throughout 2023/24 will differ from the government's own forecasts for 2023/24 and the 5% the council has generally budgeted for, the small differences anticipated are expected to have insignificant impact on the council's budget.</p>
c)	Apprenticeship Scheme	In addition to Apprenticeship Levy payments the council is required to make to the government ( <b>Appendix A1</b> , line 7), the council employs apprentices which have been budgeted for within the revenue budget.
d)	Reserves	As mentioned in paragraphs 3.30 and 3.31, the council has reviewed the adequacy of the financial reserves proposed in the 2023/24 budget, as statutorily required.

#### **4.0 Proposals**

4.1 Officers are proposing to Cabinet that it recommends to Council at its meeting on 9 March 2023:

- a) the Council's General Fund revenue budget for 2023/24; and
- b) the 2023/24 fees & charges in **Appendices C1-C21**.

#### **5.0 Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

##### **5.1 Digital Implications**

There are no digital implications directly arising from this report.

##### **5.2 Equalities Implications**

Business Managers consider the implications on equalities when assessing how best to deliver the services they are responsible for.

#### **6.0 Community Plan – Alignment to Objectives**

6.1 The Community Plan 2020-2023 was approved by Full Council on 13 October 2020 and sets out the Council's objectives over the next three years, building on previous published plans for the same time period.

- 6.2 The budget proposed within this report seeks to allocate resources in order to ensure the delivery of all the objectives within the refreshed Community Plan.
- 6.3 The Employee Plan in the staffing establishment report on this meeting's agenda covers the activities of all council employees, and therefore supports the council to achieve all of the Community Plan 2020-2023 objectives.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.