



Report for:	Joint Overview and Scrutiny Committee
Date of meeting:	2nd February 2022
PART:	1
If Part II, reason:	

Title of report:	BUDGET PREPARATION 2022/23
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources Nigel Howcutt, Chief Finance Officer Fiona Jump, Group Manager Financial Services/Deputy S151
Purpose of report:	To provide Members with an overview of proposed changes to the draft budget and provide the opportunity to scrutinise and provide feedback to Cabinet.
Recommendations	That the Scrutiny Committee review and scrutinise the draft budget proposals for 2022/23 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.
Corporate Objectives:	All. Setting a balanced budget supports all of the Council's corporate objectives.
Implications:	The financial and value for money implications are set out in the body of the report.
Risk Implications	The Council is required to set a balanced budget and scrutiny of the overall budget proposals will assist in the challenge process required.
Community Impact Assessments	Where appropriate, Community Impact Assessments for proposed budgets amendments have been undertaken by relevant service areas.
Health And Safety Implications	None.
Consultees:	Budget Review Group; Joint Scrutiny December 2021, Portfolio Holders, Senior Leadership Team, Corporate Leadership Team.
Background Papers:	Agenda item 7 September 2021 Cabinet - Medium Term Financial Strategy 2021/22 – 2025/26. Agenda Item 1 December 2021 Overview and Scrutiny – Budget Preparation 2022/23

Key Terms, Definitions & Acronyms	GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee RSG – Revenue Support Grant
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Introduction

1. The purpose of this report is to present for scrutiny the additional proposed changes to the 2022/23 draft budget presented to scrutiny in December 2021.
2. The Joint budget scrutiny group will jointly scrutinise these budget proposals and will focus only on the proposed changes to the draft budget presented to Scrutiny in December.
3. The following appendices show the Dacorum Borough Council draft budget for 2022/23, and the proposed fees and charges for 2022/23;

Corporate view

- Appendix A – General Fund Budget Summary 2022/23
- Appendix B – General Fund Budget Summary by Committee 2022/23

Reserves

- Appendix C – Statement of Earmarked Reserves

Fees and charges

- Appendix D– Fees and Charges Finance and Resources 2022/23
- Appendix E– Fees and Charges Housing and Community (Licensing) 2022/23
- Appendix F– Fees and Charges Housing and Community (Other) 2022/23
- Appendix G– Fees and Charges Strategic Planning and Environment 2022/23

Changes to the 2022/23 budget proposals since December OSC meeting.

4. Changes to the draft budgets since the meeting of Joint OSC on 1st December 2021 are summarised in table 1 below, with more detail provided in subsequent paragraphs.

Table 1: Changes to the DBC 2022/23 Budget Proposals.

Savings target as at Joint OSC, December 2021		0
Local Government Financial Settlement Funding Changes		
Continued suspension of Negative RSG Payment – One off	-940	
An additional year of New Homes Bonus Funding – One off	-750	
Baseline Funding Adjustment	56	
Services Grant/NI Contribution funding levels	42	
Lower Tier Services Grant – One off	-135	
Transfer to Management of Change Reserve	500	
Transfer to the Dacorum Development Reserve	1,227	
Proposed Budget Changes		0
Insurance Re-Procurement Saving	-61	
Removal of Historic IT Saving	20	
Senior Leadership Team Restructure – Approved by Council October 2021	41	
Residents Survey 2022/23	40	
Dacorum Development Reserve Draw Down to fund the Residents Survey	-40	
Amended savings target after additional pressures		0

5. In order to assist Members, more detail is provided in the following paragraphs. All the proposed changes to the General Fund are in the Finance and Resources division.

Finance and Resources

6. The one year Local Government Finance settlement was announced in December and as a result there were a number of additional one off funding streams announced as detailed in the top of table 1. These are one off funding agreements, whilst the government undertakes a review of Local Authority funding for 2023/24 onwards.
7. As part of the governments Local Authority assessment of financial need they calculate how much Revenue Support Grant (RSG) authorities require, in the case of Dacorum we are assessed as having to make a contribution to the government called negative RSG. The settlement announced means the contribution is not required in 2022/23. The government also announced an additional New Homes Bonus grant for 2022/23, in line with the proposals outlined, for such an event in the December Scrutiny.
8. The settlement also announced two additional funding streams; The Services Grant to fund the impact of National Insurance increases (To fund Health and Social Care), and the Lower Tier financing fund. These funding streams are expected to be short term allocations, to represent short term investment in local authorities, whilst the Local Authority funding model is reviewed.
9. The net impact of these one off funding streams will be allocated to reserves in line with proposals outlined in the MTFS and December scrutiny.

10. There has also been a small number of new initiatives proposed since the last scrutiny, detailed at the bottom of Table 1.

- Removal of an historic 2018 IT saving that is no longer feasible as the proposal is outdated, £20k.
- SLT Restructure growth included in the budget, £41k approved by cabinet in October.
- Resident Survey to be undertaken in 2022/23, £40k funded from the Dacorum Development Reserve.
- A £61k saving realised from the conclusion of the re-procurement of the 3 year Insurance Contract for 2022 onwards.

Housing Revenue Account

11. There are no proposed changes to the 2022/23 draft HRA budget presented to Scrutiny in December.

Capital Programme

12. There are no proposed changes to the Capital Programme presented to members in December.
13. A review of the 2021/22 HRA Capital Slippage is still underway and an assessment of how much of the repairs and maintenance programme can be realistically slipped into 2022/23 is still being reviewed with the Council's provider.

Reserves

14. The proposed movements in General Fund reserves are set out in Appendix C. The reserve movements proposed since the December 2021 OSC of £1.7m are detailed below for inclusion within the 2022/23 budget.
- Management of Change reserve – An additional contribution of £500k to this reserve is proposed to support future service deliver changes. This allocation is taken from part of the negative RSG windfall detailed above.
 - Dacorum Development reserve – A net contribution of £1.2m to the Dacorum Development Reserve. This is made up of the net effect of the other local government finance settlement predominantly the £750k in NHB income, £400k residual removal of the requirement to fund the negative RSG.

Alternative Budget Proposal Liberal Democrat Party

15. As part of the budget setting process the opposition Political Party would like to propose an alternative reserve allocation to the proposed approach detailed in para 14. The proposal is detailed below in table 2 and proposes a one off allocation to specific reserves of £1.04m.

Table 2: Liberal Democrat Alternative Budget Proposal 22/23.

	Description	Total £'000's
A	Donation to the Wendover Canal Project to attract match-funding.	135
B	Set up a Specific Reserve to kick-start initiatives for carbon reduction in Council domestic properties.	500
C	Set up a Specific Reserve to progress the purchase of Electric vehicles in and by the Council and the means of propulsion.	400
	Total Costs of Proposals	1,035
D	The Negative RSG Contribution Freeze	(900)
E	The Lower Tier Services Grant Funding.	(135)
	Financing these Proposals	(1,035)

Recommendation

16. Members are asked to review and scrutinise the draft budget proposals, fees, and charges for 2022/23 and provide feedback, to be considered by Cabinet.

Annexe A

Explanation of expenditure categories used in appendices

Budget Categories Glossary

Employees

This group includes the cost of employee expenses, both direct and indirect, for example:

- Salaries
- Employer's National Insurance and pension contributions
- Agency staff
- Employee allowances (not including travel and subsistence)
- Training
- Advertising
- Severance payments

Premises

This group includes expenses directly related to the running of premises and land:

- Repairs, alterations and maintenance
- Energy costs
- Rent
- Business Rates
- Water
- Fixture and fittings
- Premises insurance
- Cleaning and domestic supplies
- Grounds maintenance

Transport

This group includes all costs associated with the hire or use of transport, including travel allowances:

- Repair and maintenance of vehicles
- Vehicle licensing
- Fuel
- Vehicle hire
- Vehicle insurance
- Employee mileage

Third Party Payments

Third party payments are contracts with external providers for the provision of a specific service. Examples for the Council include the Call Centre, Payroll Services, and Parking Enforcement.

Supplies & Services

This group includes all direct supplies and service expenses to the authority:

- Equipment, furniture and materials
- Catering/Vending
- Clothing and uniforms
- Printing, stationery and general office expenses
- External services (consultancy, professional advisors)
- Communications and computing (eg software maintenance, telephones and postage)
- Members allowances
- Conferences and seminars
- Grants and subscriptions

Capital Charges

These statutory accounting adjustments reflect a notional charge to the service for the use of a Councils asset. An example is Cupid Depot, for which a charge is made to Waste Services, for as long as the service uses the asset. These charges are reversed out centrally and do not impact on Council Tax.

Transfer Payments

This includes the cost of payments to individuals for which no goods or services are received. For the Council this only relates to Housing Benefit payments.

Income

This group includes all income received by the service from external users or by way of charges:

- Rental income
- Sales of goods or services (eg the sale of recyclables and waste sacks)
- Fees and charges (eg Planning, Parking and Burials)

Grants and Contributions

This group includes all income received by the service from external bodies:

- Specific Government grants
- Income for jointly run projects/services
- Reimbursement of costs (eg recovery of legal costs)
- Other contributions (eg recycling credits from Herts County Council)

Recharges

This statutory accounting adjustment charges out the back office functions (such as Finance and Legal) to the front line services. These adjustments are based on timesheet information provided by Group Managers and are subject to changes each year. The recharges overall will come back to zero, with the only impact on Council Tax being the overall charge to the Housing Revenue Account, as shown in Appendix A.