

## **FINANCIAL PROSPECTS AND BUDGET STRATEGY 2023/24 AND BEYOND**

**Cabinet - 10 November 2022**

**Report of:** Deputy Chief Executive and Chief Officer - Finance and Trading

**Status:** For Decision

**Also considered by:**

- Finance & Investment Advisory Committee - 3 November 2022

**Key Decision:** No

**Executive Summary:**

This Financial Prospects Report is the first report of the Council's budget setting process for 2023/24 onwards. It sets out the financial pressures the Council is likely to face in the coming years and suggests an appropriate strategy, utilising the 10-year budget framework first adopted in 2011/12, to ensure the Council remains financially stable over the long term.

Informed by the latest information from Government and discussions with the Portfolio Holder, the report proposes that the Council continues to set a revenue budget that assumes no direct funding from Government through the Revenue Support Grant or New Homes Bonus. This will result in the Council continuing to aim to be financially self-sufficient.

To achieve this aim and to ensure a balanced budget position over the next 10-year period will be challenging largely due to the uncertainties and ongoing financial impacts of national and international events.

No changes have been made to future assumptions at the stage which will be reviewed during the budget process, as usual. However, due to the April 2022 pay award expected to be significantly higher than previous years and an annual savings target of £100,000 already included, an annual budget gap of £735,000 is currently reported. Growth and savings proposals will be presented to the Advisory Committees and Cabinet, and their recommendations will be considered as part of the process to remove this gap.

By continuing to address these issues, this Council will once again be in a strong financial position that other councils would aspire to.

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer(s):** Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

**Recommendation to Finance and Investment Advisory Committee:**

Advise Cabinet with views on the ten-year financial planning approach and principles set out in the report.

**Recommendation to Cabinet:**

- (a) That subject to the views of the Finance and Investment Advisory Committee, endorse the ten-year financial planning approach, financial strategy and principles set out in this report;
- (b) request Advisory Committees to review the Service Dashboards and advise Cabinet of possible growth and savings options;
- (c) request officers to continue to review the assumptions in this report and consider options to address the budget gap and report back to Cabinet on 12 January 2022.

## **Introduction and Background**

- 1 The Council's financial strategy continues to aim for long-term financial health and continues to work towards improving financial sustainability. It has been successful through the use of a number of actions including:
  - implementing efficiency initiatives.
  - significantly reducing the back-office function.
  - improved value for money.
  - maximising external income.
  - the movement of resources away from low priority services.
  - an emphasis on statutory rather than non-statutory services.
- 2 Over this period, the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders.
- 3 Using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available and current assumptions may need to be updated.

- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the immediate reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, which ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 With the Revenue Support Grant provided by Government having ceased from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
  - continuing to deliver financial savings and service efficiencies.
  - growing the council tax and business rate base.
  - generating more income.

- 6 The intention of this report is to enable Members to give consideration to the pressures likely to be faced by the Council and the strategy they wish to adopt in response to them. This report sets out the high-level approach and principles but later reports in the budget setting process will provide further details to assist in balancing the budget.

### **Financial Self-Sufficiency**

- 7 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The current Council Plan aims to continue with this approach. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 8 This approach was adopted in response to the financial challenges the Country was faced with in bringing its public spending down to ensure it was able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 9 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 10 The Local Government Association's Corporate Peer Challenge in December 2021 commented that 'Sevenoaks District Council takes a long-term view of financial planning with a focus on self-sufficiency. The council's 10-year budget is innovative, an example for the sector and supports long-term decision making. This extended financial framework provides an excellent platform which has supported effective budget management and planned, long-term, decision making.'

- 11 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget.
- 12 Cabinet are keen to remain financially self-sufficient which has served the Council well and ensured it is one of the most financially stable local authorities in the country. In the 2020/21 budget, a new target was set to replace reliance on Business Rates income over the coming years. However, due to the impact of Covid-19, inflationary increases and the greater uncertainty as Government reviews have been deferred, this remains a future aim. This ambition will allow this Council to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents need into the future.

### **Financial Pressures 2023/24 to 2032/33**

#### Overall Summary

- 13 High inflation during 2022 and the uncertainty regarding the ongoing impacts are making forecasting for the next 10-year period more difficult than previous years.
- 14 The Covid-19 pandemic raised a new level of financial impacts that could not reasonably have been foreseen and were not previously considered. Estimated impacts were included in the last two 10-year budgets approved by Council, these will continue to be reviewed as part of this budget process.
- 15 As ever the Council will have to continue to deliver efficiencies and additional income to maintain tighter control and deliver a balanced 10-year budget. The Council will have to continue to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 16 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 22 February 2022 to roll on one year.
- 17 Looking at expenditure, inflation is running at 10.1% for CPI and 12.6% for RPI (as at September 2022).
- 18 The Government's published a 'Growth Plan' on 23 September 2022 and is due to publish a 'Medium Term Fiscal Plan' on 31 October 2022. However, new announcements are being made on a frequent basis so it is unclear what impacts there will be on local government finances.
- 19 The Provisional Local Government Finance Settlement for 2023/24 is likely to be announced in December.

- 20 The paragraphs that follow set out the position in more detail and assess the impact on the current 10-year budget.

### Covid-19 Financial Impact

- 21 The Covid-19 financial impact has been included in previous budget reports as well as the Financial Monitoring reports regularly presented to FIAC and Cabinet.
- 22 There are a number of specific Covid-19 financial impacts that were included in previous 10-year budgets. Further details are below, and they will continue to be reviewed during the budget process:
- 23 **Council Tax Collection Fund deficit in 2020/21** - any deficit is normally recovered in the following year, but the Government announced that any deficit in 2020/21 can be spread over the following three years instead. Therefore, this will continue into 2023/24.
- 24 **Council Tax Collection rate reductions 2021/22 and 2022/23** - the previous collection rate assumption for all years was 99.4%. The assumptions for 2021/22 and 2022/23 reduced to 98.4%. The assumption for 2023/24 onwards is now back at 99.4%.
- 25 **Reduced income: Car Parking** - it was forecast that car parking income would be 25% below pre-Covid budgeted levels in 2021/22 with the position improving by 5% each year. Therefore, the assumption for 2023/24 is 15% below pre-Covid levels.
- 26 **Post Covid workplace** - increased cleaning of offices and vehicles as well as providing additional PPE took place to ensure the Council has a Covid-secure workplace. Additional IT costs were also incurred to ensure that staff have been supported. Now that hybrid working is in place and the pandemic is entering a new phase, costs will be reviewed in due course.

### Income

- 27 Each year in the 10-year budget there is about a £5m difference between net service expenditure and Council Tax revenue. Previously it was reasonable to assume that inflation rates for these two items would generally be similar, but Members should be aware that if inflation remains high compared to previous years, then this approach may need to be reviewed.
- 28 **Government Support: Revenue Support Grant (RSG)** (nil received in 2022/23) - This formula-based grant has significantly reduced since 2010/11 as the emphasis of Government Support has changed, in fact this council received no RSG since 2017 and is not expected to receive any in future years. The attached 10-year budget assumes no RSG, if any amounts are received in future years, they will be put into the Financial Plan Reserve to support the 10-year budget including 'invest to save' initiatives.

- 29 Negative RSG (i.e. where council's pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 30 Local Government Funding reform was due to take place in 2019/20 but has been delayed for a number of reasons.
- 31 Two one-off grants were included in the 2022/23 Local Government Finance Settlement. These were a Lower Tier Services Grant (£103,000), to ensure that no authority had a total Core Spending Power less than in 2021/22; and a Services Grant (£159,000) to fund the additional cost to councils of the new Health and Social Care Levy. Neither of these grants are expected to continue in 2022/23.
- 32 **New Homes Bonus (NHB)** (£0.8m received in 2022/23 but not used to fund the revenue budget) - the Government started this new funding stream in 2011/12 from funds top sliced from RSG with the intention that local authorities would be rewarded for new homes being built over a six-year period. The basis of NHB was changed with effect from 2017/18. Previously it was based on cumulative figures for 6 years, but this was reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB is only received on tax base growth above 0.4% instead of on all growth (known as the deadweight).
- 33 It is likely that NHB will soon be replaced by a different method to incentivise housing growth.
- 34 **Council Tax** (£11.8m) - The Government referendum limit for 2022/23 was an increase of 2% or £5 for a Band D property (2.2% for SDC), if higher. Council agreed to increase Council Tax by 2.2%.
- 35 The referendum limit for 2023/24 is not yet known and is expected to be announced in December. The assumption currently included in the 10-year budget is a 2% increase in all years.
- 36 If the same referendum limits are set for 2023/24, the following would be possible:

2023/24 Council Tax	Current Assumption	Potential Assumption
% increase	2.00%	2.16%
£ increase (Band D pa)	£4.60	£4.95
£ (Band D pa)	£234.46	£234.81

- 37 Due to the uncertainty of future Council Tax increase referendum limits, if maximum increases are not taken there will be an ongoing detrimental impact on the ability to increase Council Tax in future years.

- 38 The tax base increases each year due to the general increase in the number of residential properties and future developments as well as the continuing change in the number of Council Tax discounts awarded. The assumption going forward is currently an increase of 730 Band D equivalent properties per annum from 2023/24, 580 per annum from 2027/28 and 480 per annum from 2032/33. The increased tax base results in additional Council Tax income which is assumed to be greater than the incremental cost of servicing the additional properties although it should be recognised that there are likely to be step changes in costs for some services in the future such as refuse collection. The Local Plan will also affect future tax base assumptions.
- 39 ***Business Rates Retention*** (£2.3m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However, tariffs and top ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts. The council is due to collect £36m of Business Rates in 2022/23.
- 40 A Business Rates Pool operates in Kent and Medway which generally results in councils retaining more Business Rates than if they were not in the pool. There is an optimum level of pool membership, so this council and some others are not currently part of the pool but do benefit as if they were in the pool. A request has been made to Government to continue with a similar arrangement in 2023/24.
- 41 Due to the current uncertainties and the limited opportunities to increase the number of businesses in the district, the assumption in the 10-year budget remains at the safety-net level, which is the amount of business rates the council is assured of retaining in the current scheme if it were not in a pool.
- 42 As the difference between Business Rates baseline and actual Business Rates collected diverges over time, a ‘reset’ is required after a period, to more closely align these. When Business Rates Retention was introduced in 2013/14, it was indicated that there would be a reset in 2020 however, this has been delayed several times. The Government has suggested that the approach to distributing Business Rates will be re-visited to help support the Government’s ‘Levelling Up Agenda’.
- 43 A reset could alter the distribution of Business Rates and it is hoped that transitional arrangements would be included so that any financial impact is minimised in the short term but there remains a risk that this council may no longer retain any Business Rates in the future. This would result in a funding gap that would need to be replaced by additional income or further savings.
- 44 ***Interest receipts*** (£0.2m) - following the investment in Multi-Asset Income Funds in 2022, interest receipts in 2022/23 are forecast to be at the budget

level. Fluctuating interest rates and reduced available balances may have an impact on future interest receipts but the current assumption is for interest receipts to remain constant over the 10-year budget period.

- 45 It should also be noted that funds lent to Quercus 7 are at rates of over 4.5%. However, this income is reported under Property Investment Strategy income rather than Interest Receipts.
- 46 The Bank of England Base Rate is currently 2.25%. Assumptions will continue to be reviewed based on advice from our treasury advisors and discussions with the Finance and Investment Advisory Committee during the budget process.
- 47 **Property Investment Strategy** - The strategy was approved by Council on 22 July 2014 with the intention of building on an approach of property-based investment in order to deliver increased revenue income. This was set against a background of reducing Government Support and continued low rates of return through existing treasury management arrangements.
- 48 Six assets have been purchased or built to date, including the Sevenoaks Premier Inn Hotel, at a cost of £25m.
- 49 As well as the £25m above, £10m has been spent by Quercus 7 Ltd on five assets.

Property Investment Strategy income assumptions in the 10-year budget are as follows:

2023/24 - 2025/26 £1.568m per annum

2026/27 - 2028/29 £1.665m per annum

2029/30 - 2032/33 £1.706m per annum

- 50 Members should be aware that the Government and CIPFA are continuing to implement ways to limit Council's ability to make commercial property investments. This has stopped the Council's ability to borrow for investments made purely for yield which was the principal purpose of the Property Investment Strategy.
- 51 To enable other capital schemes to progress, the Property Investment Strategy has been removed from the current capital programme as agreed by Council on 16 November 2021. Therefore, currently no further investments within the strategy are able to take place.
- 52 A Property Investment Strategy Update report will be produced later in the budget cycle.
- 53 **Variable fees and charges** - The Council receives income in fees and charges from a number of sources.

- 54 The assumption is currently for a 2.5% increase for all years except for off-street car parking which is 3.5% for five years (2019/20 - 2023/24). The additional 1% for car parking is one of the streams to fund the investment in Sevenoaks Town (formerly Buckhurst 2) Car Park as agreed by Council on 22 November 2016.
- 55 It was forecast that car parking income would be 25% below pre-Covid budgeted levels in 2021/22 with the position improving by 5% each year. Therefore, the assumption for 2023/24 is 15% below pre-Covid levels. This will continue to be reviewed.
- 56 **External Funding** - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services to local residents, often in partnership with other agencies. The Council's officers continue to seek new opportunities for funding.
- 57 **Shared working** - Various services have included savings from shared working in previous years budgets. The Council successfully works in partnership with other authorities in a number of areas, including Revenues, Benefits, Internal Audit, Counter Fraud, Finance, Licensing, Civil Enforcement (Parking) and CCTV.
- 58 The largest savings were achieved when each shared service started, some of which were in 2010. The viability of continuing to share these services is reviewed on a regular basis to ensure that this Council receives value for money and the service standards it requires.
- 59 **Use of reserves** - One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12 the Budget Stabilisation Reserve was set up to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget in recent years.
- 60 A review of the reserves held is carried out each year as part of the budget process and that will take place again this year.
- 61 When the budget is set, the balance in the Budget Stabilisation Reserve must be sufficient to support the 10-year budget.

### Expenditure

- 62 **Pay** costs total £18m. The National Employers for local government services have made a final offer for 2022/23 of £1,925 per person. This equates to an average increase of 5.8% in the Council's staff costs against a figure of 2% in the ten year budget. In cash terms, this is estimated to be £600,000 above the budgeted assumption. A response from the unions is awaited.
- 63 Negotiations regarding the 2023/24 pay award have not yet commenced. The assumption in the attached 10-year budget is a 2% increase in all years.

- 64 Members previously agreed that a budget would be set aside to address the Council's recruitment and retention difficulties and challenges going forward. This remains in place and will be used as required.
- 65 ***Superannuation fund*** - the last pension fund triennial valuation by the actuaries Barnett Waddingham, took place in November 2019.
- 66 The funding level has increased from 75.5% to 86.6% since the previous valuation in 2016 and the deficit recovery period for the fund has reduced from 17 years to 13 years. The 10-year budget includes the contribution amounts set by the actuaries for 2020/21 to 2022/23 and includes an additional £100,000 from 2023/24 when the next triennial valuation will come into effect and an additional £50,000 from 2026/27 for the following valuation.
- 67 The next triennial valuation is due to take place in November 2022. Any changes resulting from this will be included in future budget reports.
- 68 ***Non-pay costs*** - the budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs often rise at a higher rate, so other non-pay items have been allowed a much lower inflation increase.
- 69 ***Asset Maintenance*** - Any asset maintenance expenditure is funded by the revenue budget each year. Asset maintenance expenditure can fluctuate as the demand for programmed and ad hoc work varies across sites. The asset maintenance budgets are reviewed on a regular basis. In the current year, the average yearly liability covered by the budget is 64%.
- 70 ***Annual Savings*** - an annual Net Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.
- 71 ***Unavoidable service pressures*** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. These will be identified in the Service Change Impact Assessments (SCIAs) that will be reported to the Advisory Committees between November and January or to Cabinet in later budget reports.
- 72 These additional service pressures will, where possible, be absorbed within existing budgets. However, there is some likelihood that some pressures will be difficult to absorb, and Members will need to give these consideration as part of the budget process. However, it should be recognised that by having a 10-year budget there is greater scope to deal with these pressures and therefore have less impact on current services whereas other councils who only have single year budgets would have to make larger immediate savings.
- 73 ***Progress on the savings plan*** - 2023/24 will be the thirteenth year of using the 10-year budget. During this period, 198 savings/additional income items have been identified totalling £8.4m. The majority of these savings/additional income items have already been achieved and Portfolio

Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.

- 74 ***Changes since the 10-year budget started*** - The table below shows how the Net Service Expenditure has changed since 2010/11. This shows that the budget has reduced by £3.9m (23%) in real terms.

Net Service Expenditure	£000
2010/11 (budget)	16,711
2022/23 (2010/11 budget +2% inflation per year)	21,194
2022/23 (budget)	17,297
Difference	3,897

#### Current 10-year budget position

- 75 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 22 February 2022 by rolling it forward one year
- 76 No changes have been made to future assumptions at the stage. However, due to the April 2022 pay award expected to be higher than previous years and an annual savings target of £100,000 already included, an annual budget gap of £735,000 is currently included.
- 77 The National Employers for local government services have made a final offer for 2022/23 of £1,925 per person. This equates to an average increase of 5.8% in the Council's staff costs against a figure of 2% in the ten year budget. In cash terms, this is estimated to be £600,000 above the budgeted assumption. A response from the unions is awaited. It should be recognised that the current cost of living crisis has had a severe effect on colleagues on lower salary grades.
- 78 Cabinet on 20 September 2022 agreed that in the interests of prudent financial management this be considered as two costs: the mid-year 2022/23 expense and the separate ongoing commitment in future years.
- 79 First, offsetting the increase in staff costs in 2022/23 with any net surplus that may arise from our membership of the Kent and Medway Business Rates Pool - based on previous years, this is estimated to be £250,000. Second, drawing the balance from the Budget Stabilisation Reserve. Both steps are consistent with the principles which govern the use of the funds since, in the case of the former, the receipts are ordinarily treated as a windfall and

therefore committed to reserves to meet future expenditure and, with the latter, the Budget Stabilisation Reserve's purpose is to assist in smoothing out peaks and troughs over the course of the ten year budget period. Furthermore, to ensure there is no long term impact on the Budget Stabilisation Reserve, a corresponding savings or income be identified as part of the 2023/24 Budget which can replenish the Reserve over the course of the ten year budget - in other words, committing to reserves an anticipated £35,000 per year.

- 80 For the future expenditure (i.e. 2023/24 onwards), this will be addressed through the budget setting process, adopting the same approach which has seen the authority successfully meet other financial challenges.

- 81 The following table shows the current budget gap for 2023/24:

2023/24 Budget Gap	£000
Net savings assumption	100
Pay award April 2022 estimate	600
Reimburse Budget Stabilisation Reserve for 2022/23 impact of April 2022 pay award estimate	35
<b>Total</b>	<b>735</b>

- 82 Options to remove this gap will be presented as SCIs to the Advisory Committees and also in the Budget Update report to Cabinet on 12 January 2023. Members will also be asked for their ideas at these meetings.
- 83 As previously reported, the options are likely to cover a number of areas including:
- Service efficiencies
  - Additional income
  - Re-prioritisation of reserves including use of the Budget Stabilisation Reserve.
- 84 It should be recognised that it is not usual to use the Budget Stabilisation Reserve to fix a problem of this size but noting the potential level of variations and complexities that are likely to arise during the budget process, more time may be required to find a longer term solution.
- 85 When looking at prospects for year 11 onwards, there is still likely to be a need to take further actions as these years come into the rolling 10-year period.

## **Proposed Financial Strategy**

- 86 The proposed Financial Strategy is set out in **Appendix C**.
- 87 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council aims to continue to adopt a Financial Strategy that embraces the following principles:
- Remain financially self-sufficient.
  - Be clear about the Council's future financial prospects, with a ten-year budget as an integral part.
  - Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting.
  - Make effective use of reserves and capital receipts.
  - Manage our money carefully, monitor monthly and constantly strive for better value from our spending.
- 88 It is recommended that this strategy be adopted.

## **Process and timetable**

- 89 Members will note from the timetable set out in **Appendix A** that this report is being considered by the Finance and Investment Advisory Committee on 3 November 2022 and any comments will be considered along with this report at Cabinet on 10 November 2022.
- 90 All Advisory Committees will be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs) between November and January when they will be asked for their views on growth and savings proposals for their areas. This part of the process ensures that all members have a role to play in the Governance of the council and the budget decision making process.
- 91 A Budget Update report will be presented to Cabinet on 12 January 2023 to provide details of progress made before the Budget Setting report is presented to Cabinet on 9 February 2023.
- 92 Training sessions on the budget process were provided to Members in 2019. If Members require any further training or have any questions about the process, they are asked to contact Adrian Rowbotham or Alan Mitchell.

## **Review of the 10-year Budget Process**

- 93 An audit of the 10-year budget process was completed by Mazars (working for Internal Audit) in 2021 and their findings were that the Council has adequate, effective and reliable controls in place over budget setting and long-term financial planning.

## **Key Implications**

### Financial

All financial implications are covered elsewhere in this report.

### Legal Implications and Risk Assessment Statement

It is a requirement for the Council to set a balanced budget, failure to be able to do so could result in a S.114 notice being issued by the S.151 Officer. There is currently no expectation that the Council would be required to be in that position. Our 10-year budget approach provides adequate flexibility to manage the unprecedented financial shock of Covid-19, subject to sufficient savings being identified and implemented, and the ongoing effective and prudent management of the Council's finances.

An effective integrated policy and priority driven long-term financial and business planning process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future changes to Business Rates Retention. The risks will be mitigated by continuing to review assumptions and estimates, remaining financially self-sufficient and by updating Members throughout the process.

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

## **Conclusions**

The Financial Strategy and 10-year budget process have ensured that the Council follows a logical and well considered process and approach in dealing with the

many difficult challenges that it has faced. They have also helped to ensure that the Council is well placed in dealing with more immediate and longer-term challenges.

By becoming financially self-sufficient at an early stage, this Council has become much more in control of its own destiny.

The attached 10-year budget shows that this Council is aiming to continue to be financially stable going into the future with a level of assurance that any council would aspire to. However, with a range of issues nationally and internationally impacting the council's finances to an unknown extent at this point in time, this is the most challenging budget process this Council has faced for many years

The Council aims to continue to provide value for money services to a high standard ensuring that the decisions made lead to an achievable 10-year budget. Members will need to consider the impact on service quality, staff and well-being.

## **Appendices**

Appendix A - Budget Timetable

Appendix B - 10-year Budget

Appendix C - Financial Strategy

## **Background Papers**

None.

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**