

Report to the Cabinet

Report reference: C-032-2022/23
Date of meeting: 12th December
2022



**Epping Forest
District Council**

Portfolio: Finance – Cllr. J Philip

Subject: Draft Budget 2023/24 (including General Fund & HRA revenue & capital, Fees & Charges and an updated Medium-Term Financial Plan)

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- 1) To consider the draft General Fund revenue budget proposals for 2023/24 (*Appendix A*) and suggest amendments if considered necessary.
- 2) To consider the draft Housing Revenue Account (HRA) revenue budget proposals for 2023/24 (*Appendix B*) and suggest amendments if considered necessary.
- 3) To consider the draft General Fund and HRA capital proposals for 2023/24 through to 2027/28 (*Appendix C*) and suggest amendments if considered necessary.
- 4) To consider the draft Fees and Charges proposals for 2023/24 (*Appendix D*) and suggest amendments if considered necessary.
- 5) To consider and approve the updated Medium-Term Financial Plan (General Fund and HRA) (*Appendix E*); and
- 6) To request that the Stronger Council Select Committee considers the draft budget proposals for 2023/24 (*Appendix A*) – including the savings proposed to balance the budget – and associated documents (*Appendices B to E*) and make comments for consideration at the Cabinet meeting on 6th February 2023.

Executive Summary:

The Cabinet approved an updated Financial Planning Framework (FPF) 2023/24 to 2027/28 at its meeting on 30th September 2022, which is the first step in preparing the 2023/24 budget.

The first major milestone in the FPF was reached on 10th October 2022, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The MTFP revealed a projected deficit of £4.126 million for 2023/24 on the General Fund; it is a deficit that requires eliminating in full if the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.

The MTFP also identified a projected surplus of £0.682 million on the Housing Revenue Account for 2023/24, although this was broadly offset by a series of smaller deficits from 2014/15 through to 2017/18.

On 17th November 2022, the Chancellor presented the Autumn Statement 2022 which, although not particularly informative as to the likely level of the Local Government Finance Settlement for 2023/24, did provide at least some clarity in terms of Council Tax increases and key developments on Business Rates for the year ahead. "LGC News" reported on 24th November 2022, that the provisional Settlement is likely to be announced in the week commencing Monday 19th December 2022. Optimism in the sector is not high for the financial prospects of shire districts given that the bulk of the additional funding for Local Government announced in the Autumn Statement appears destined for Social Care (to upper tier and unitary councils) and Business Rates support packages (to local businesses).

Details of what the overall increase in Spending Power means for individual councils will be announced in the Local Government Finance Settlement 2023/24, which is due in December 2022. Some adjustments, especially to funding assumptions within these proposals, can be expected to follow on from that announcement.

Acting on the strategic direction provided by Cabinet on 10th October 2022, officers have now managed to provisionally bridge the General Fund deficit and this report contains an early draft (balanced) budget for 2023/24 for consideration by Cabinet.

The General Fund element of the draft Budget for 2023/24 can be found at **Appendix A**. It comprises Net Expenditure of £16.659 million and has been funded with very limited recourse to Government grant (just £0.250 million compared to £1.154 million in 2022/23). It also includes a contribution of £0.221 million towards the replenishment of the adopted contingency balance within the General Fund Reserve.

The HRA draft Budget for 2023/24 can be found at **Appendix B**. It anticipates a surplus of £0.371 million.

An initial draft Capital Programme (covering both the General Fund and the HRA) for 2023/24 through to 2027/28 is attached at **Appendix C**. The General Fund Programme comprises total expenditure of £103.012 million over the five years, including £42.906 million in 2023/24. In addition, the HRA Programme comprises total expenditure of £166.235 million over the five years, including £34.823 million in 2023/24.

The level of Fees & Charges has been reviewed and draft proposals for 2023/24 can be found at **Appendix D**. This comprises both General Fund (using the September 2022 CPI inflation rate of 10.1% as the benchmark for increases, excluding Car Parking and statutory charges) and HRA (including a proposed Rent Increase of 7.0% in line with the Government cap).

Looking further ahead, the updated MTFP is included at **Appendix E** covering both the General Fund and the HRA; the numbers now reflect the draft Budget proposals for 2023/24. Although the overall financial profile is similar to the October 2022 position, there are some differences, which are detail in the appendix.

In terms of the **General Fund** position, the projections are summarised in the table below.

General Fund MTFP (@ December 2022)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2023/24	0	Assumed Government grant of £0.250 million (£1.154 million in 2022/23) + Contribution to Reserves of £0.221 million (£0.337 million in 2022/23)
2024/25	1,268	New Waste Management contract assumed with effect from 1st December 2024
2025/26	1,033	
2026/27	196	
2027/28	353	

In terms of the **HRA** position, the projections are summarised in the table below.

Housing Revenue Account MTFP (@ December 2022)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2023/24	(371)	
2024/25	(20)	
2025/26	282	Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	(8)	
2027/28	58	

The next stage in the process will see the budget proposals for both the General Fund and Housing Revenue Account further refined based on the direction provided by Cabinet and emerging intelligence (especially the Local Government Finance Settlement 2023/24).

Reasons for Proposed Decision:

To provide Cabinet with an initial draft Budget for 2023/24 for consideration (alongside comments from the Stronger Council Select Committee held on 24th November 2022) ahead of the forthcoming Budget scrutiny process in January 2023; and for Cabinet to provide Finance officers with any direction required to further refine the Budget.

Legal and Governance Implications:

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report presents initial draft budget proposals that reflect a balanced position for 2023/24, although they are based on a series of estimates and assumptions that still require further refinement. Final budget proposals will be recommended by Cabinet (to full Council) on 6th February 2023 based on a range of factors, including feedback from the Stronger Council Select Committee on 24th January 2023.

Safer, Cleaner and Greener (SCG) Implications:

There are no direct SCG implications contained within the report at present, although officers remain vigilant as estimates and assumptions are further refined during January/early February 2023; if any significant SCG implications should emerge, they will be clearly reported.

Consultation Undertaken:

The updated Medium-Term Financial Plan (MTFP) 2023/24 to 2027/28 – including a projected General Fund deficit of £4.126 million for 2023/24 – was presented to the Stronger Council Select Committee on 24th November 2022; the comments from that meeting will be considered by Cabinet alongside this report. This report will be presented to the Stronger Council Select Committee on 24th January 2023, with comments made taken forward for Cabinet consideration on 6th February 2023.

Background Papers:

None.

Risk Management:

The consideration of risk formed an integral part of the development of the proposals in this report. In particular, the Budget (and updated MTFP) is based on a series of estimates and assumptions that are informed by a range of intelligence sources (some certain, some uncertain); that process, including any residual risk in the decision-making process, is clearly indicated where appropriate.