

Agenda Item	
-------------	--

Report to Cabinet



Date of Meeting	23 rd November 2021
Portfolio	Cabinet Member for Finance and Corporate
Report Author	Julie Murphy
Public/Private Document	Public

Revenue Budget Update 2022/23 to 2024/25

Executive Summary

1. To provide an update on the Revenue Budget 2022/23 to 2024/25.
2. To provide an update on the Council's Medium Term Financial Strategy.

Recommendation

- 2.1 Cabinet consider and note the updated Revenue Budget position 2022/23 to 2024/25.
- 2.2 Cabinet consider and note the update on the Council's Medium Term Financial Strategy.
- 2.3 Cabinet note that the 2021 Spending Review announcement allows for a further 1% increase in Council Tax by way of an Adult Social Care Precept for 2022/23, which has been included in the latest budget estimate.

Reason for Recommendation

- 3.1 Cabinet members are required to recommend a balanced 2022/23 Revenue Budget to Budget Council, and provisional budgets for 2023/24 to 2024/25. The Council is required to set a balanced budget for 2022/23 by 11th March 2022.
- 3.2 The Revenue Budget and Medium Term Financial Strategy are key elements of the budget setting process.

Key Points for Consideration

4.1 Timetable

- 4.1.1 The Council's budget must be approved by full Council before 11th March each year; this is a statutory requirement. The process begins in July with approval being sought for the assumptions and principles on which the budget is to be based. These are used as a part of the determination of the overall budget position. The budget timetable is detailed in Appendix 1.
- 4.1.2 Financial projections are updated as further information becomes available in relation to the Local Government Finance Settlement and other known changes, including local decisions. The updated budget and feedback from consultations will be reported to Cabinet 10th February 2022 with recommendations for Budget Council 23rd February 2022, who in turn set the budget.
- 4.1.3 Services are notified of their final approved budgets following Budget Council.

4.2 Revenue Budget Update 2022/23 to 2024/25

- 4.2.1 As part of the budget setting process, the Council makes a number of assumptions in respect of the key elements of the Council's revenue budget.
- 4.2.2 Provisional budget assumptions were approved for 2022/23 to 2024/25 at Cabinet 27th July 2021. The budget assumptions have been reviewed and updated the latest information available. Future reports will make Cabinet aware of any changes that impact on the current budget assumptions.
- 4.2.3 An updated position is detailed in Table 1

Table 1 Updated Budget Gap 2022/23 to 2024/25

	2022/23	2023/24	2024/25
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Budget Council March 2021	5.127	13.380	15.548
Changes to Budget Assumptions	4.336	5.684	8.969
Updated Budget Gap	9.463	19.064	24.517
Mitigating Actions	(9.463)	(9.050)	(9.050)
Updated Budget Gap	0.000	10.014	15.467

- 4.2.4 The report to Cabinet 27th July discussed the major changes to the budget assumptions from those contained in the provisional budget 2022/23 to

2023/24 reported to Budget Council 3rd March 2021. There have been further changes to budget assumptions and several mitigating actions since the position reported to Cabinet on 27th July 2021, and these are reflected in the latest Revenue budget position. Table 2 details the changes to budget assumptions and mitigating actions since the position reported to Budget Council 3rd March 2021 Section 4.5 provides further detail of the budget assumptions and mitigating actions.

Table 2 Changes from March Budget Council to November Cabinet

	2022/23	2023/24	2024/25
	£m	£m	£m
Budget Gap Council 3rd March 2021	5.127	13.380	15.548
<u>Changes to assumptions</u>			
Adult Care Growth & Transitions	0.985	1.415	2.016
Adult Care reduction in forecast Fee Increase	0.000	(0.419)	(0.419)
Impact of Capital Programme changes	(0.213)	1.127	1.925
Rochdale Riverside 1	0.350	0.350	0.350
HB Subsidy shortfall	0.350	0.500	0.500
Highways Maintenance contract	0.505	0.400	0.400
Property growth fund income	0.426	0.426	0.426
Homelessness Contract	0.500	0.500	0.500
Service Budget Pressures	0.237	0.237	0.237
Prevention Review (Place Based)	0.150	0.150	0.150
Contingency	1.295	1.223	2.223
Member Initiatives	0.400	0.400	0.400
Pay Award 2022/23	(0.373)	(0.380)	(0.387)
Government funding	(0.182)	(0.182)	(0.182)
Business Rates retained	0.007	0.044	0.888
Other minor changes	(0.101)	(0.107)	(0.058)
<u>Mitigating Actions</u>			
Capital programme/Treasury review	(0.500)	(0.500)	(0.500)
ASC Council Tax Precept 2022/23	(0.972)	(0.972)	(0.972)
Increase Adult Social Care funding	-	(1.028)	(1.028)
BR Growth reserve/contingency	(3.400)	(3.400)	(3.400)
Delay/ reduction in repayment of reserves	(3.900)	(2.400)	(2.400)
Savings Proposals	(0.691)	(0.750)	(0.750)
Net Changes	(5.127)	(3.366)	(0.081)
Updated Budget Gap	0.000	10.014	15.467

4.3 Spending Review 2021

4.3.1 The key message provided from the 2021 Spending Review (SR21) was that it provides a multi-year settlement to enable local authorities to support the ambition to level up communities across the country, with an estimated average real-terms increase of 3% a year in core spending power.

4.3.2 There is new/ increased grant funding in each of the next 3 years indicated to be on top of the funding to implement social care reform of £1.6bn from 2022/23. It has been confirmed this is intended to cover the new national insurance rate, national living wage (NLW) increases and other new burdens.

4.3.3 SR21 confirmed the core Council Tax referendum limit will remain at 2% for each year within the 3 year spending review period. In addition the social care precept will be up to 1% per year.

4.3.4 SR21 also confirmed increased funding to the Supporting Families Programme of £200m by 2024/25.

4.3.5 Social Care reforms

On 7th September 2021, the government published 'Building Back Better: Our Plan for Health and Social Care'. The plan outlines plans to tackle the backlog in the NHS resulting from the pandemic, and the long standing challenges for delivering Adult Social Care.

4.3.6 This includes the introduction of a new £86k cap from October 2023 on the amount anyone in England will need to spend on their personal care over their lifetime.

4.3.7 The additional health and social care funding announced will be funded through the introduction of a UK-wide 1.25% Health and Social Care Levy, based on National Insurance contributions (NICs) to be introduced from April 2022. The government confirmed they would compensate departments and other public sector employers in England at SR21 for the increased cost of the Levy.

4.3.8 Local Government Funding for Social Care reforms

The government will invest £5.4bn in adult social care over the next three years to deliver the funding and system reform commitments set out in the Plan. The funding package is intended to cover the costs to local government of implementing the charging reforms, including the cap, the increased capital limit, and moving towards paying a fair rate of care and the associated implementation costs.

The government will consult on its proposals for the distribution of the £5.4bn funding, and keep this distribution under review. The following allocations from this fund were confirmed at SR21.

- £3.6bn will go directly to local government over the SR21 period to implement the cap on personal care costs and changes to the means test. This funding will also help local authorities better sustain their local care markets by moving towards a fairer cost of care.
 - £1.7bn over 3 years to improve the wider social care system, including the quality and integration of care. At least £500m of this will be allocated to improve qualifications, skills and wellbeing across the adult social care workforce.
 - Additional funding through the local government settlement to ensure all local authorities are able to meet core pressures in adult social care.
- 4.3.9 The government expects demographic and unit cost pressures to be met through council tax, the social care precept, and long-term efficiencies.

4.3.10 **Potential Budget Implications for the Council of Social Care reforms**

There are a number of potential budget issues for the council arising from the Plan, and these will become clearer as further information is provided by the government. These include:

- The impact of the cap, capital limit and other measures on local authority care costs.
- The impact on adult care contracts of the cost of the 1.25% Levy. The forecast impact of a 1.25% increase in the NI rate from April 2022 on the ASC fee cost for 2022/23 is currently £300k.
- The forecast impact of the 1.25% NI increase on Rochdale Councils staffing costs is £500k, however the announcement confirmed that additional Government Grant funding would be provided to fund this additional burden.
- The allocation for Rochdale from the £5.4bn to be provided to local government over the three years from 2022/23 to 2024/25.
- Rochdale Adult Social Care relies heavily on client contributions and the proposed cap will limit the funding available via this route in the future. It is unclear at this stage whether current reliance on client contributions will be reflected in the methodology used for allocating the new funds.
- Under the proposed changes, all individuals requiring care will now need to be administered by Adult Social Care (social work intervention, care assessments, financial assessments, oversight of care accounts), whereas previously self-funding individuals would not. This along with the setup / preparation for implementation of the new system will require a significant increase in staff numbers in Adult Social Care and Revenues and Benefits.
- There is expected to be greater proportion of care home placements at the RBC standard rate, and a reduction in the number of individuals self-funding (rates above the RBC rate).

4.3.11 **Business Rates update from SR21**

The government has concluded its review of the business rates system. To support businesses in the near term, the government has decided to freeze the business rates multiplier in 2022/23. Local authorities will be fully compensated for all measures announced in the review.

Local Government rate retention pilots will continue into 2022/23 and 2024/25.

Up to 400,000 retail, hospitality and leisure properties will be eligible for a new, temporary £1.7bn of business rates relief in 2022/23. This is a 50% rate relief for businesses within the sector of up to a maximum £110k.

There is a continuation of the freeze of the business rates multiplier for a second year, 2022/23, keeping the multipliers at 49.9p and 51.2p. The budget cost to the exchequer is around £900m pa.

From 2023, there will be an introduction of a 100% improvement relief for business rates. This will provide 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value. The government will consult on how best to implement this relief, which will take effect in 2023 and be reviewed in 2028, no business will face higher business rates bills for 12 months after making qualifying improvements to a property they occupy.

The government will also continue to explore the arguments for and against a UK-wide Online Sales Tax, the revenue from which would be used to reduce business rates for retailers with properties in England, consultation on this proposal is to follow shortly.

There is an extension of transitional relief for small and medium sized businesses, and the supporting small business scheme, for 1 year. This will restrict bill increases to 15% for small properties (up to a rateable value of £20,000 or £28,000 in Greater London) and 25% for medium properties (up to a rateable value of £100,000).

4.3.12 **Education Funding**

SR21 confirms an additional £4.7bn by 2024/25 for the core schools budget in England, over and above the 2019 settlement for schools in 2022/23. This is broadly equivalent to a cash increase of over £1,500 per pupil by 2024/25 compared to 2019/20.

There is also commitment to increase teacher starting salaries to £30,000 a year, as well as a long-term school rebuilding programme to rebuild 500 schools over the next decade.

The announcement also noted that £2.6bn will be made available over the SR21 period for new school places for children with special educational

needs and disabilities (SEND), increasing current capital funding to over £900m by 2024/25.

4.3.13 **Public Health**

The Public Health Grant will be maintained in real terms over SR21 and will continue to be ring fenced.

4.3.14 **Levelling Up**

GM was successful within the Levelling Up funding with support going to Bury, Tameside, Bolton, Salford and Manchester. Wigan and Stockport also received funding via the Community Ownership Fund.

In addition, GM has been successful receiving additional funding of £1.07bn from the City Region Sustainable Transport settlement.

4.3.15 **SR21 Impact for Rochdale**

The impact for Rochdale is unclear until the provisional settlement is received in December, however the main points to highlight for Rochdale following the announcements are:-

- In December we can expect a 3 year settlement to 2024/25
- Funding will be received for Adult Social Care reforms
- Any Business Rates relief implemented will be fully compensated
- there is additional funding across the SR21 period; albeit there may be a reduction in 2022/23
- the Council Tax increase limit for a referendum remains at 2%
- Adult Care Precept will continue into future years at a level of 1%
- 100% business rates retention will continue until 2024/25
- Schools per-pupil funding will return to the 2010 levels in real terms

4.4 **Medium Term Financial Strategy**

4.4.1 The Medium Term Financial Strategy (MTFS) is a five year plan which sets out the Council's commitment to provide services that meet the needs of people locally, and that represent good value for money within the overall resources available. The current MTFS was approved at Budget Council 3rd March 2021 and is kept under review throughout the budget process.

4.4.2 There has been significant uncertainty as to the level of government funding for local authorities beyond the current financial year, however the latest spending review has provided more clarity on the expected Local Authority funding levels over the next 3 years. There is also significant uncertainty over the ongoing impact of Covid-19 on the Council's expenditure and income levels for future years.

4.4.3 The loss of commercial income has caused significant funding pressures for the Council and therefore the MTFS has been adjusted to reduce reliance on commercial income, this being achieved by reallocation of budgets in relation to Business Rates Growth. This is being supported by

the use of reserves to smooth this transition, with £2.3m from the smoothing reserve.

- 4.4.4 An updated Medium Term Financial Strategy 2022/23 to 2026/27 will be taken to Cabinet 10th February 2022 for recommendation to Budget Council 23rd February 2022.

4.5 Revenue Budget 2022/23 to 2024/25 – Key Areas of Note

4.5.1 Use of Reserves

The updated budget gap reported in Table 1 and 2 shows a balanced position for 2022/23 however this involves the use of £5.7m of reserves of which £3.4m was addressed in the development of the MTFs in the 20/21 budget process. The remaining amount being £2.3m which relates to the smoothing model for financial losses relating to the collection fund and commercial income as a result of the pandemic.

4.5.2 Business Rates

In 2021/22 Rochdale continues to be part of the Greater Manchester pilot for 100% Business Rates Retention, which commenced in 2017/18. The pilot authorities each retain 100% of locally-raised business rates. Business Rates growth income achieved under the pilot scheme is retained locally and shared up to 50% with the Greater Manchester Combined Authority (GMCA). It was confirmed in the 2021 Spending Review that the Local Government rate retention pilots will continue into 2022/23 to 2024/25. For planning purposes, the impact of any reforms have been assumed will be neutral. There are continuing conversation across the Districts and GMCA with regards to the levels of growth shared.

The assumptions on Business Rates income will be kept under review throughout the budget process. The Business Rates base for 2022/23 is currently estimated to be £65.258m, reflecting the 0% multiplier increase confirmed at SR21, and assuming the continuation of the GM 100% Business Rates Retention pilot. The reduced forecast from the previously assumed 1.2% multiplier increase was confirmed at SR21 as being offset by an increase in Section 31 funding.

The Business Rates base 2022/23 will be formally considered by Council on 15th December 2021.

4.5.3 Council Tax Increase

For planning purposes, a general increase in Council Tax of 1.99% has been assumed for 2022/23 in line with the confirmed referendum limits as well as a 1% increase in the Social Care Precept. A 1.99% increase has been assumed for both 2023/24 and 2024/25.

The government's Health and Social Care Plan states that demographic and unit cost pressures are expected to be met through council tax, the

social care precept, and long-term efficiencies. It was confirmed as SR21 that authorities can continue to raise an Adult Social Care precept of up to 1% per annum over the next 3 years. For planning purposes no precept has been assumed for 2023/24 and 2024/25 at this stage. However, £1m of additional income has been assumed within the estimates for 2023/24 and 2024/25 equivalent of a precept.

Adult Social Care pressures for future years have been reflected in the budget position reported in Tables 1 & 2 and are partially offset by the 1% increase in the ASC precept for 2022/23.

In February 2022 Cabinet will recommend the 2022/23 Council Tax to Budget Council for approval.

4.5.4 **Council Tax Base**

A Council Tax base for 2021/22 of 54,637 was approved by Council on 16th December 2020, representing the number of Band D equivalent properties that we collect Council Tax from.

After taking account of the estimated growth in property numbers and estimated impact of the Local Council Tax Support scheme, the Council Tax base for 2022/23 is currently estimated to be 56,232. The Council Tax base will be kept under review throughout the budget process, in particular the ongoing impact of the pandemic on: the estimated growth in new properties; the cost of the Local Council Tax Support Scheme; and the estimated collection rate.

The Council Tax base for 2022/23 will be formally considered by Council on 15th December 2021.

4.5.5 **Non-Pay Inflation**

The budget assumes 0% inflation per annum across the majority of the Council's non-pay expenditure budgets. Contractual arrangements and other significant inflation issues have now been considered on a case by case basis and the budget adjusted as appropriate. SR21 confirmed a 3.1% inflation rate in September, with a forecast of 4% over the next year.

4.5.6 **Highways Maintenance Contract**

Cabinet, 25th February 2021, approved the option to deliver the whole of the revenue funded Highways Maintenance service in-house, with capital funded works being delivered via procurement compliant frameworks. As reported to Cabinet 27th July 2021 an additional £0.300m has been added to the budget to cover the ongoing revenue implications of this decision. It is now proposed to adopt the Premium Reactive Service model, which will result in additional revenue costs of a further £0.205m in 2022/23 (£0.105m one-off, £0.100m ongoing), and £0.100m ongoing in future years.

4.5.7 Discretionary Fees and Charges

The proposed 2% increase in Discretionary Fees and Charges, subject to certain exemptions to be agreed, would generate approximately £80k in 2022/23 and future years – see separate item on the agenda.

4.5.8 Budget Challenge Sessions

During August 2021 a number of Budget Challenge sessions were held involving Members and Directors in order to understand/challenge Directorate budgets. A number of actions were identified and progress towards these was reported to Members of the budget challenge group on the 22nd September 2021. Following these sessions it has been agreed that Directorates will bring forward savings proposals totaling £0.691m for 2022/23, rising to £0.750m in future years, these being subject to a separate Cabinet report.

4.5.9 Adult Social Care Growth and Transitions

The Adult Care Service is forecasting additional demographic pressures in future years due to a high number of expensive Children's Social Care placements transitioning to Adult Social Care over the next few years and the expected general growth in individuals requiring Adult Social Care Services. An additional provision of £0.989m for this has been made for 2022/23 in the latest budget estimate with further increases in future years.

4.5.10 Health & Social Care Pooled Budget

The Health & Social Care Pooled Budget was formed between Rochdale Council and the Heywood, Middleton and Rochdale Clinical Commissioning Group (HMR CCG) in 2018/19. From the 1st of April 2022 HMR CCG will no longer exist and will form part of the Integrated Care System (ICS) for Greater Manchester. It is unclear how this will impact on the existing relationship and future funding flows. A report to ICB in October identified the current funding paid from HMR CCG to RBC and the forecast payments in 2022/23 shown in the table below:-

HMR CCG funding of RBC Social Care & Support Services	2022/23 £m
Adult Social Care	7.524
Children's Social Care	2.412
Support Services	0.097
Total contribution to RBC	10.033
HMR CCG Contribution to the Better Care Fund	19.247
Total Contribution to RBC and the Better Care Fund	29.280

The £10.033m contributions are considered a risk within the current budget estimates until they are confirmed to continue under future health funding arrangements.

4.6 Covid Impact

4.6.1 The Council has incurred Covid related pressures of £15.557m in 2020/21 and is forecasting pressures of £13.843m in 2021/22. These pressures have been or will be met from Covid specific one-off Government funding. The long term impact of Covid continues to be monitored and pressures will be managed via the smoothing reserve in the short term rather than implementing savings proposals whilst the impact is understood, with the intention of repaying reserves used over the long term.

4.7 Savings Programme 2022/23 to 2023/24

4.7.1 During August 2021 a number of Budget Challenge sessions were held involving Members and Directors in order to understand/challenge Directorate budgets. A number of actions were identified and progress towards these was reported to Members of the budget challenge group on the 22nd September 2021. Following these sessions it has been agreed that Directorates will bring forward savings proposals totaling £0.691m for 2022/23, rising to £0.750m in future years.

4.7.2 Table 3 details the saving proposals being considered within this report towards meeting the budget gap for 2022/23 and 2023/24. There is a separate report to Cabinet with further details on the proposals and consultation process.

Table 3

Savings proposals	BAU / Consultation	2022/23	2023/24	2024/25
		£m	£m	£m
Additional charges to Academies	BAU	(0.080)	(0.080)	(0.080)
Neighbourhoods Additional Income	Consultation via Disc. Fees & Charges	(0.010)	(0.010)	(0.010)
Neighbourhoods Additional Income	BAU - review	(0.100)	(0.100)	(0.100)
Treasury Management Additional income	BAU	(0.090)	(0.090)	(0.090)
Income sub total		(0.280)	(0.280)	(0.280)
Leadership Review	Workforce Consultation	(0.161)	(0.161)	(0.161)
Neighbourhoods Management Review	Workforce Consultation	(0.043)	(0.043)	(0.043)
Member mail	BAU	(0.007)	(0.007)	(0.007)
Advice (One off substitution funding)	BAU	(0.200)	-	-
Advice	Consultation – Review	-	(0.200)	(0.200)
Additional savings	TBC	-	(0.059)	(0.059)
Savings sub total		(0.411)	(0.470)	(0.470)
Total		(0.691)	0.750)	(0.750)

4.8 Capital Programme

4.8.1 A separate report is being presented to Cabinet on the Capital Programme for 2022/23 -2026/7.

4.9 Alternatives Considered

4.9.1 The Council is legally obliged to set a balanced budget. The budget setting process is complex and must be undertaken in a planned way. It is equally important that assumptions used in the preparation of the budget are agreed, reasonable and consistently applied by all services.

4.9.2 Consideration has been given to a number of options in putting forward the saving proposals contained in this report and the reports outline any alternatives. To do nothing was not considered to be an option as the Council is legally required to set a balanced budget.

4.9.3 Cabinet Members could decide not to implement these proposals and provide alternative options to enable a balanced budget to be achieved.

Costs and Budget Summary

5.1 The financial implications for the Revenue Budget are considered in the main body of the report. Table 1 highlights the financial pressures facing the Council in the medium term.

5.1.1 Section 4.5 details the key pressures and mitigations to address the 2022/23 gap to ensure a balanced budget is presented to Council on 23rd February 2022.

Risk and Policy Implications

6.1 Risk Implications

6.1.1 The budget forecast has been based on a number of assumptions, known levels of expenditure and anticipated levels of resources. Final confirmation of these assumptions is not expected to be known until December 2021.

6.1.2 There are a number of areas of the Council's budget where risks to the projections contained in this report have been identified. The most significant of these are detailed below.

6.1.3 Ongoing impact of the Covid-19 pandemic – the budget assumptions will be kept under review as more information becomes available on the ongoing impact of the pandemic on Council services.

6.1.4 Monitoring of the 2021/22 budget will provide Cabinet with regular updates on any budget pressures and savings for the Council. Any associated ongoing implications will be incorporated into the budget projections for 2022/23 and future years.

- 6.1.5 Government Funding – the level of government funding that the Council will receive in 2022/23 to 2024/25, including the Improved Better Care Fund and Social Care grant, is unknown at this stage. This will be dependent on the Spending Review 2021, the Local Government Finance Settlement 2022/23 and the funding reforms scheduled for 2022/23.
- 6.1.6 Council Tax increase – Central Government provides a cap on the Council Tax increase a Local Authority can make before a referendum of the local residents is required. The referendum limit for 2021/22 was a 1.99% increase. SR21 confirmed that the government will allow a 1% further Adult Social Care precept each year from 2022/23 to 2024/25. A 1.99% general increase has been assumed for 2022/23, along with a 1% social care precept. The assumptions included in this report are for planning purposes only, and will be reviewed by Cabinet leading up to a Council Tax recommendation at Budget Council. The impact of a 1% change in the level of Council Tax increase would be approximately £1m.
- 6.1.7 Council Tax Collection – the ongoing impact of the pandemic or other economic factors could affect the level of Council Tax collection.
- 6.1.8 Council Tax Base – the estimated growth in new properties could be affected by the ongoing impact of the pandemic or other economic factors.
- 6.1.9 Local Council Tax Support Scheme – the budget assumes that the Local Council Tax Support Scheme remains unchanged. The impact on the budget of a 5% change in the maximum discount allowed (currently 85%) would be approximately £0.6m. The ongoing impact of the pandemic or other economic factors could also affect the level of take up of the scheme.
- 6.1.10 Business Rates – it has been assumed for planning purposes that the Greater Manchester 100% Retention pilot scheme will continue in 2022/23. It was confirmed in the 2021 Spending Review that the Local Government rate retention pilots will continue into 2022/23 to 2024/25. The budget assumptions have been reviewed, and reflect the latest announcements in the Spending Review. The ongoing impact of the pandemic or other economic factors could affect the level of Business Rates income collected, the estimated growth in rateable values, or the estimated number of unoccupied properties.
- 6.1.11 Council Services - the economic climate following the pandemic, other economic issues or general demographic changes could impact on the residents of the borough, leading to an increased cost of, or demand for, Council services.
- 6.1.12 The Plan for Health and Social Care – the implications of the government's Plan for Health and Social Care for local authorities are likely to be significant, but are not yet known in any detail. The implications will be reviewed and reported to Members as further detail is provided by the government.

- 6.1.13 Health and Social Care - From April 2022 the current arrangement of having local Clinical Commissioning Groups will be replaced by Integrated Care Systems covering a wider area. The impact this may have on Local Authority funding is not yet known
- 6.1.14 Greater Manchester Combined Authority (GMCA) budgets – there is a risk that the ongoing impact of the pandemic could affect the level of levies and other charges to districts.
- 6.1.15 Waste Disposal Levy – the Waste Disposal Levy is calculated by a formula across Greater Manchester, which takes account of recycling levels. If Rochdale did not increase recycling at the same level as other GM Authorities this would impact on the levy, resulting in an increased cost to the Council.
- 6.1.16 Pay Award – the budget currently assumes a 1.5% pay award in 2022/23. An increase in the pay award of an additional 1% would increase the Council's budget by approximately £0.7m.
- 6.1.17 Inflation – impact of changes in the price of goods and services used by the Council compared to the percentage assumed in the budget projections. A 1% increase in price inflation equates to an increase in the budget of approximately £0.6m.
- 6.1.18 Fees and charges income – the impact of any economic slowdown on levels of usage of charged-for Council services could lead to income levels not being achieved.
- 6.1.19 Commercial Income – levels of anticipated income from commercial investments such as the Manchester Airport are dependent on performance. The pandemic has had a significant impact on delivery of such commercial investment income.
- 6.1.20 Rochdale Riverside – the impact of the economic climate on the Rochdale Riverside development. This could result in financial implications for the Council under contractual arrangements and on business rates income.
- 6.1.21 Investment income – the impact of low interest rates and implications of any economic factors on the level of dividends/interest received by the Council.
- 6.1.22 Academies – the impact of any further schools converting to Academies on the Council's budget.

6.2 Legal Implications

- 6.2.1 The Council is under a duty to calculate the budget in accordance with Section 32 of the Local Government Finance Act 1992 and must make three calculations namely: an estimate of the Council's gross revenue expenditure; an estimate of anticipated income; and a calculation of the difference between the two. The amount of the budget requirement must be sufficient to meet the Council's budget commitments and ensure a balanced

budget. The amount of the budget requirement must leave the Council with adequate financial reserves. The level of budget requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers.

- 6.2.2 Failure to make a lawful Council Tax on or before 11th March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a specified increase in Council Tax.
- 6.2.3 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'.
- 6.2.4 Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
- 6.2.5 There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

Consultation

- 7.1 Consultation will be undertaken throughout the year on various aspects of the budget setting process.
- 7.2 Discretionary Fees and Charges – the proposed fees and charges for 2022/23 will be brought forward for consultation with Cabinet on the 23rd of November 2021 (see separate item on this agenda) and Corporate Overview and Scrutiny Committee on 8th December 2021. Following consultation the fees and charges for 2022/23 will be recommended by Cabinet on 10th February 2022 for approval at Budget Council on 23rd February 2022.
- 7.3 The updated Revenue Budget 2022/23 to 2024/25 and Medium Term Financial Strategy will be reported to Corporate Overview and Scrutiny Committee on 16th November 2021. The Revenue Budget 2022/23 and provisional budgets for 2023/24 and 2024/25, and the Council Tax 2022/23, will be recommended by Cabinet on 10th February 2022 for approval at Budget Council on 23rd February 2022.
- 7.4 Capital Programme 2022/23 to 2026/27 - the proposed Capital Programme for 2022/23 will be brought forward for consultation with Corporate Overview and Scrutiny Committee on 16th November 2021. Consultation will also be undertaken with Township Committees. Following consultation the Capital Programme 2022/23 to 2026/27 will be recommended by Cabinet on 10th February 2022 for approval at Budget Council on 23rd February 2022.

7.5 Consultation on the Saving Proposals is to be undertaken with the, Stakeholder Groups, staff and Service Users as appropriate. Consultation will commence on 24th November 2021 and conclude on 7th January 2022.

Background Papers	Place of Inspection
8.	
For Further Information Contact:	Samantha Smith samantha.smith@rochdale.gov.uk 01706 924198

Budget Timetable 2022/23

Appendix 1

Date	Meeting/Event	Detail
2021		
November	Cabinet Corporate O&S	Cabinet 23 November Corporate O&S 8 December 1. Discretionary Fees & Charges for Consultation 2. Revenue Budget 2022/23 to 2024/25 & MTFS Update 3. Capital Programme 2022/23 to 2026/27 for Consultation 4. Savings Programme 2022/23 for Consultation
November	Savings Programme Consultation starts	24 November
December	Corporate O&S Cabinet Council	Corporate O&S 8 December Cabinet 14 December Council 15 December 1. Council Tax and Business Rates bases 2022/23
December	Announcement	Provisional Local Government Finance Settlement
2022		
January	Savings Programme Consultation ends	7 January
January/ February	Announcement	Final Local Government Finance Settlement
February/March	Corporate O&S Cabinet Budget Council	Corporate O&S 8 February Cabinet 10 February Budget Council 23 February (Alternative 2 March) 1. Treasury Management Strategy 2. Medium Term Financial Strategy 3. Local Government Act 2003 Report 4. Revenue Budget and Council Tax 5. Capital Investment & Disposal Strategy 6. Savings Programme post consultation 7. Capital Programme post consultation 8. Discretionary Fees & Charges post consultation