

Budget and Corporate Scrutiny Board

8th February 2022

Subject:	Draft Budget Proposals 2022/23
Director:	Director of Finance – Simone Hines
Contact Officer:	Rebecca Maher rebecca_maher@sandwell.gov.uk


1 Recommendations

- 1.1 That the Board consider the draft budget proposals for 2022/23 as attached at Appendix A
- 1.2 That the Board consider any feedback or recommendations it wishes to make to Cabinet to inform final budget proposals

2 Reasons for Recommendations

- 2.1 The Council must set a balanced, risk assessed budget each year and undertake appropriate consultation on draft budget proposals prior to approving the final budget and Council Tax precept.
- 2.2 The Board has an opportunity to consider the draft budget report in order to inform the final decision-making process.

3 How does this deliver objectives of the Corporate Plan?

	The Council's financial position and financial management arrangements helps to achieve all aspects of the Council's Corporate Plan
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4 Context and Key Issues

- 4.1 Cabinet considered the draft budget proposals for 2022/23 at its meeting on the 15th December 2021. This report set out the assumptions that had been made when producing the draft budget, including a number of spend pressures that have been identified as part of the budget process.
- 4.2 The draft budget report showed that savings in the region of £16m were required for 2022/23 to ensure a balanced and sustainable budget could be set whilst maintaining a prudent level of reserves.
- 4.3 Cabinet considered savings proposals in principle amounting to £14.6m, subject to appropriate consultation and Equality Impact Assessments, which left a budget gap remaining of approx. £1.4m.
- 4.4 A copy of the Cabinet report and appendices is attached at Appendix A for the Board's consideration.
- 4.5 Since the draft budget was approved by Cabinet the provisional Local Government Provisional Settlement has been released, which sets out the funding allocations for each local authority for 2022/23. A summary of the key points from the settlement are:
- The settlement is for a single year only, and further details on proposed funding reform and consultations are due to follow in the new year
 - The £1.6bn additional funding announced at the Spending Review has been distributed as follows:
 - £0.8bn to a 2022/23 Services Grant, distributed using the 2013/24 Settlement Funding Assessment formula. The statement highlights that this is a one-off grant, and will not be taken into consideration for transitional support when future system changes are made.
 - £0.7bn to social care, with additional Social Care Grant (£0.6bn, distributed using the Adult Social Care Relative Needs



Formula, with equalisation for the impact of the 1% social care precept) and an inflationary increase to the Improved Better Care Fund.

- £0.1bn to provide an inflationary increase to Revenue Support Grant.

- In addition, £162m has been allocated to local authorities from the funds raised in the National Insurance Health & Social Care levy.

- Authorities do not receive separately identified funding for the costs to them of the increase in National Insurance Contributions (the funding for this is assumed to be included in the new 2022/23 Services Grant).

- Referendum limits have been confirmed at 2% (or £5 for districts and fire authorities, where this is more than 2%). PCCs will be subject to a £10 referendum limit.

- An additional 1% social care precept for social care authorities (who will also be able to raise any balance of last year's 3% social care precept).

- The New Homes Bonus has been 'rolled over' for another year, with allocations made and the final 2019/20 legacy payment honoured.

- The lower tier services grant has been 'rolled over' at £111m nationally, and with a new cash terms funding floor.

- The compensation for under-indexing of the business rates multiplier will continue at RPI, though the settlement figures only include this at CPI.

- No detailed announcements were made on future funding reform

4.6 Whilst the Council has benefited from extra funding through the settlement, particularly from the new Services Grant 22/23 and increased Social Care grants, much of this is ring-fenced for specific purposes or to cover increased costs, such as the increase in the employers National Insurance Contribution rate from April 2022 which is



estimated to cost the Council £0.8m. The extremely high inflation rates in the UK have also meant that forecast costs for gas and electric have increased since the draft budget was prepared and there are also further inflationary increases on Adult Social Care and other large contracts.

- 4.7 The additional funding in the settlement has meant that the £1.4m gap remaining in the draft budget has been closed and no further savings will be required for 2022/23, assuming that the £14.6m of proposals that have already been identified are deliverable. However, as some of the funding streams for next year are one-off or time-limited, there is likely to be a need for additional savings to be found in 2023/24.
- 4.8 In terms of Council Tax, the draft budget included a 3.99% increase. This is based on a 2% 'core' increase and 1.99% Adult Social Care precept carried forward from 2021/22 as the Council chose not to take the full ASC precept allowable this year. The provisional settlement confirmed that a further 1% Adult Social Care precept is permitted under the referendum limits. If approved this would generate additional ongoing income of £1.1m for the Council. If the Council opts not to approve the additional 1%, the council tax income will be foregone on a permanent basis i.e council tax income in future years will be £1.1m lower. The impact of a 3.99% and 4.99% increase on a Band B property is shown in the table below:

Increase	3.99%	4.99%
Band B per annum	£46.58	£58.25
Band B per week	0.90p	£1.12

- 4.9 If approved, the additional 1% Council Tax income would be targeted towards Adult Social Care and would assist the Council in meeting the increased costs of placements and ensure the social care market locally remains sustainable. This may be particularly important in future years if the one-off funding from 2022/23 isn't continued in future settlements.
- 4.10 A final decision on Council Tax will need to be made by Cabinet at its meeting on 23rd February in order to make recommendations to Council on 1st March.



4.11 At the time of writing this report, final adjustments were still being made to the budget proposals, in terms of confirming funding streams and any changes to spend and inflationary pressures. An addendum will be issued to the Board before the meeting with further information on the budgets for each Directorate.

5 Alternative Option

5.1 No alternative options are being presented but the Board may wish to make recommendations to Cabinet on alternative savings to be considered for 2022/23. The Board may also consider making a recommendation to Cabinet on the level of Council Tax to be approved.

6 Implications

Resources:	
Legal and Governance:	The Local Government Finance Act 1992 requires the Council to set a budget and Council Tax precept by 11 th March each year.
Risk:	The Council must set a risk assessed balanced budget each year and maintain a prudent level of reserves to mitigate the financial risks that it faces.
Equality:	Budget savings will be subject to an Equality Impact Assessment where appropriate
Health and Wellbeing	No specific implications
Social Value	Considered when identifying potential savings options and budget priorities

7. Appendices

Appendix A – December 15th Cabinet report and appendices

8. Background Papers

None

