



Finance
and
Systems

Scrutiny Committee Update 9 November 2022

DRAFT BUDGET PROPOSALS 2022/23

Medium Term Financial Plan (MTFP) 2023/24 to 2025/26

<i>Summary of the Budget Proposals</i>	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000
Gross Budget Gap (Oct 22)	25,819	9,576	10,495	45,890
Policy Choice Funding Proposals				
General Increase in basic Council Tax to 1.99%	(2,266)	(2,390)	(2,523)	(7,179)
Social Care Precept increase 1.0%	(1,139)	(1,184)	(1,232)	(3,555)
Contribution from Budget Support Reserve	(2,500)	200	2,300	0
Total Policy Choice Funding	(5,905)	(3,374)	(1,455)	(10,734)
Savings and Income proposals	(11,394)	(3,486)	(3,272)	(18,152)
Revised Budget Gap (Oct 22)	8,520	2,716	5,768	17,004

Examples of components of the Gross Gap 2023/24

Expenditure and Income examples :-

- Pay Award (+4% plus 4% catch-up from 22/23) £5.85m
- National Living Wage, Real Living Wage and Fair Price for Care £8.35m
- Inflation – General and Contractual £8.17m (8% average) inc Energy+200% £3.2m
- Temporary increase to COVID general contingency £1.5m removed
- Demand and cost pressures – Adults and Children's £2.5m
- Add one off savings in 22/23 £0.5m and in-year recurrent pressures (CYP) £1.5m
- General and Service Grants – net increase £3.97m (Social Care Reform £2.4m, Social Care Grant £2.0m)
- Income from Asset Investment Strategy dropping out £3.2m (£1.8m recycle/savings, £1.5m reduced reliance)

Funding Examples :-

- Council Tax +1% growth in taxbase, Discretionary discounts, better outturn 21/22 +£1.75m
- Business Rates – Release of historic appeals, improvement sharing agreement, indexation of multiplier +£6.0m
- Reversal of use of Reserves -£11.4m

Key Budget Assumptions

- Position includes for a 2.99% increase in council tax (1.99% base, 1% ASC)
- Inflation – BOE forecast (at the time) peak 13% down to 2% (average 8% 23/24)
- Energy inflation +200% increase
- Pay award impact from 2022/23 6% agreed and 4% 2023/24
- Fair Price for Care (NLW, RLW, Contractual Inflation)
 - NLW follows RLW increase +10.2%
 - Supplier non pay inflation LGA composite rate (6% to 8%)
 - Social Care Reform Grant £2.4m
- Investment Programme – recycling the fall out £1.8m, £1.5m reduced reliance in 2023/24
- D2A Beds council budgeted level of 30. Additional national resource £500m meets costs
- Impact of social care charging reform is neutral (Consultation in progress)
- Service demand pressures in 2022/2023 impact :-
 - Children's P4 - in year placement demand, Home to School – growth £1.5m built in 23/24
 - Children's demographic growth in future will be absorbed through equal savings
 - No evidence of recurrent impact of COVID. Release of £1.5m contingency
 - Recurrent shortfall in Investment Programme justifies reduction in budget reliance £1.5m in 23/24

Key Budget Assumptions cont.....

- Additional general Social Care Grant - 2023/24 and £2.0m 2024/25
- Manchester Airport Investment – no dividend until 2026/27
- Fair Funding and Business Rates Review delayed until 2025/26
- Business Rates
 - Release of historic provision for appeals
 - Benefits post reset will be protected/smoothed
 - Business Rate Multiplier cap/freeze will be compensated by Government
 - Renegotiated GM sharing agreement (75/25) 2022/23 and 2023/24
 - Use of Business Rate Risk Reserve and Budget Support to smooth the benefits/absorb any short term pressures
- Realignment of Treasury Management Budget – review subject to parameters in Prudential Code

Savings and Income Proposals

Theme/Title	Previously Approved/ New	Service Area	Description of Saving	2022/23 £000's
Children Placements	PA	Children's	A review of demand and placements for looked after children	(1,000)
Staffing Efficiencies Children's Services	PA	Children's	Review of staffing establishment outside of the main redesign programme	(45)
Troubled Families Funding/Strengthening Families	New	Children's	Continuation of the service redesign	(275)
VCSFE service/children's commissioning	New	Children's	Undertake strategic needs assessment of commissioned services and offer	(72)
Sub-Total Children's				(1,392)
Weight Management	PA	Adults	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result and the support required.	(31)
Liberty Protection Safeguards (LPS)/Portal – Reshaping.	PA	Adults	The implementation of the LPS scheme and a whole system portal which will drive through efficiencies and costs savings.	(101)
Bad debt provision - Adults Social Care	New	Adults	Review level of contribution to bad debt provision	(50)
Homecare	New	Adults	Rephase Council contribution once Transformation Funding ceases	(1,000)
Demographic Growth Control	New	Adults	Demographic Growth Control	(100)
Sub-Total Adult's				(1,282)
Electric vehicle (EV) charging points	PA	Place	Expand number of EV charging points on a revenue share model	(100)
Strategic Investment Income	PA	Place	Investment Programme - Recycling of receipts to maintain net income at achievable levels	(1,800)
Review of operational and strategic estates	New	Place	Efficiency review of operational estate and lease/rent reviews to ensure full cost recovery across the Council's estate	(136)

Savings and Income Proposals (cont)

Planning Fees - greater cost recovery	New	Place	Increase planning fees (subject to Government confirming an uplift in fees, which are set nationally)	(100)
Regulatory Services - cost recovery	New	Place	The cost of safety certificates / recover more from taxi tests to increase.	(25)
Reduce Place Contingency	New	Place	Removal of a contingency budget from an earlier restructure	(30)
Housing Service	New	Place	Removal of temporary posts/vacancies	(50)
GMCA contribution	New	Place	Review level of contribution	(50)
Street Lighting	New	Place	Review option in relation to Trimming, 1hr warm up, cool down at start and end of day	(150)
Illuminated signs / bollards	New	Place	Invest to save to declutter and de-illumination to reduce energy cost impacts	(50)
Street Lighting	New	Place	Look at further options to trim earlier / later and switch off street lighting in low risk areas	(300)
Sale Water Park	New	Place	Review service provision	(100)
Unadopted highways/access roads	New	Place	Reduce budget provision	(50)
Sub-Total Place				(2,941)
Traded Services	PA	Finance & Systems	Traded Services income - increase in contributions to offset pay and cost inflation.	(38)
Review of Subscriptions	New	Finance & Systems	A range of subscriptions for external services to be reviewed	(20)
Sub-Total Finance & Systems				(58)
Traded Services	PA	Strategy & Resources	Review Traded Services income - increase in charges to offset pay and cost inflation.	(151)
Traded Services	New	Strategy & Resources	Reduce subsidy on some traded activity - 5% reduction in cost	(110)

Savings and Income Proposals (cont)

Change Charging basis for Modernisation Team	New	Strategy & Resources	Utilising the flexibility on capital receipts, it is intended to charge the cost of the team to the capital programme for a further two years.	(600)
Review of Sale Waterside Arts Centre and Flixton House Operations	New	Strategy & Resources	A review of the operational effectiveness of both assets.	(180)
Review Music Service	New	Strategy & Resources	Continue to remove the remaining Corporate overhead subsidy and continue with expansion of offer with a view to broadening reach	(30)
Sub-Total Strategy & Resources				(1,071)
Treasury Management Budget	New	Council Wide	Realignment of the Treasury Management Budget to support the latest forecast position and activity relating to borrowing and Investments	(3,850)
Increase Vacancy Factor/Budget utilisation	New	All	Increase vacancy management period across all services	(700)
Digital Strategy	PA	All	Increased use of digital technology to deliver better and more efficient services.	(100)
Sub-Total Council Wide and Cross Directorate				(4,650)
TOTAL SAVINGS AND INCOME PROPOSALS				(11,394)

Other areas to be considered

- External review of Learning Disability service;
- Review the Discharge to Assess System Flow and Council budget;
- Review of vacancy management protocols;
- Consider changes to staff terms and conditions;
- Review of contract management and procurement arrangements, initially through STAR procurement;
- Review of existing and potential enforcement activity that could support the alleviation of congestion;
- Review of activity across a number of areas including commissioning, business support and remaining discretionary services;
- Review of Combined Authority budget contributions.

Next Steps

Draft Budget

- Draft budget report to Executive 24th October 2022 (available on web under Democratic Services)
- Develop Business Cases for Savings identified to date
- Which are subject to consultation and with who (public/staffing/partners)
- Work with F&C Board/CLT/Modernisation Team to identify other areas of potential savings/income

Before Final Budget

- Continue to lobby Government. Trafford is one lowest resourced councils (F20 Group)
- Government announcement - Medium Term Fiscal Plan – 17th November 2022
- Provisional local government settlement mid December (detailed local government level and council tax thresholds)
- Review reserve balances to support the range of risks the Council faces.
- Further review of budget assumptions (pay award, National Living Wage, October inflation, In year monitoring)
- Challenge budget assumptions for affordability pending outcome of Government Funding (particularly Fair Price for Care, Hospital Discharge)



Questions ?
