



Date: Wednesday, 18 January 2023

Time: 10.30 am

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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CABINET

TO FOLLOW REPORT (S)

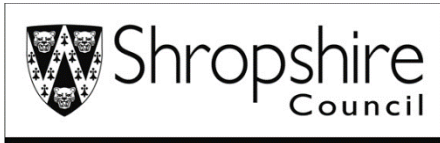
7 Alternative Budget Proposals 2023/24 (Pages 1 - 8)

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Finance and Corporate Resources

Report of James Walton – Executive Director of Resources

Report to Follow

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<u>Committee and Date</u>
Cabinet 18 th January 2023

<u>Item</u>
Public

Alternative Budget Proposals 2023/24

Responsible Officer

James Walton

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1. Synopsis

Council agreed a new alternative budget process for 2023/24, enabling robust discussion and stronger engagement between Cabinet and opposition councillors over Cabinet’s proposed financial plans.

2. Executive Summary

- 2.1. Following the approval of The Shropshire Plan (TSP) in May 2022, the Council has worked to deliver a revised Medium Term Financial Strategy (MTFS) setting out areas of spend over the next five years aligning to the outcomes defined in The Shropshire Plan and specifically fulfilling the Strategic Objective to align our resources – “We will put our resources in the right place using accurate data, insights, and evidence to support the delivery of the organisation’s priorities and balance the books”.
- 2.2. Cabinet has received updates on the MTFS in July, October and December in what was an unprecedented year in terms of financial uncertainty with the War in Ukraine, energy and cost of living crisis and economic and inflationary concerns. Despite this uncertainty, and ahead of receiving the Local Government Financial Settlement on 19 December, Cabinet approved a draft budget on 14 December 2022 which is currently subject to public consultation.
- 2.3. With the adoption of The Shropshire Plan, the focus of the MTFS has shifted; it now being a strategic document setting out the financial implications of delivering the outcomes as set out in TSP. The outcomes, interventions and services are not defined or approved in the MTFS, and proposed changes are not approved through this process. Officers have delegated authority to vire funds within the

budget by up to £500,000 but have no authority to make policy decisions – these are reflective of the outcomes set out in TSP and require Cabinet or Council approval.

- 2.4. Against this backdrop, a revised alternative budget process was adopted this year as agreed by Council in September 2022. Attention has been given to the overall effectiveness of the process and points of learning identified to be applied in future years.
- 2.5. Papers for Performance Management Scrutiny Committee (PMSC) were prepared setting out the alternative budget proposals for each group, and during the discussion in the meeting, several points arose which can be simply clarified, and these are set out in the report below.
- 2.6. The proposals for an alternative budget were presented by the Opposition Group Leaders to the Performance Management Scrutiny Committee on 11th January 2023.
- 2.7. The proposals contained several common themes across all partners, and these are summarised later in the report.
- 2.8. As the process of preparing the papers for PMSC were prepared setting out the alternative budget proposals for each group, and during the discussion in the meeting, a number of points arose which can be simply clarified, and these are set out in the report below. Should any of the proposals, wholly or partially, become part of the Cabinet's budget proposals recommended to Council, they will effectively become part of the Cabinet's own budget proposals and will then be considered and adopted, or not, alongside the other proposals brought to Council, including the council tax proposals. (They will not be considered as separate elements of the Cabinet's budget).

3. Recommendations

That Cabinet

- 3.1. Notes that this is the first year in which a new alternative budget process has been used and considers if changes to the process should be proposed to Council.
- 3.2. Considers whether to include any of the Opposition Groups' proposals presented to Performance Management Scrutiny Committee, should be included in the Leader's budget proposal to Council for 2023/24 or later years.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. This will be prepared for separate proposals should they be included in the budget proposals taken forward.

5. Financial Implications

- 5.1. For Cabinet to make any decision, the financial implications should be set out clearly identifying changes in spending and funding so that a balanced budget can be maintained. The financial implications of all proposals are set out in the accompanying appendices to this report.
- 5.2. Any proposals that are considered by Cabinet for inclusion within the Council's proposed budget will need to be fully appraised and, as a minimum, enable a balanced budget for 2023/24 to be maintained.

6. Climate Change Appraisal

No direct impact arising from the report.

7. Background

- 7.1. This is the first year through a revised alternative budget process as agreed by Council in September 2022. Attention has been given to the overall effectiveness of the process and points of observed which could be strengthened in future years.
- 7.2. The proposals were presented by the Opposition Group Leaders to the Performance Management Scrutiny Committee on 11th January 2023).

8. Process

- 8.1. As noted above, this was the first year of a changed process for the development and presentation of alternative budget proposals. Several process points became apparent during this and will be built into future years. Key points identified are set out in the following paragraphs.

Status of budget decisions

- 8.2. With the adoption of The Shropshire Plan, the focus of the MTFS has shifted; it now being a strategic document setting out the financial implications of delivering the outcomes as set out in TSP. The outcomes, interventions and services are not defined or approved in the MTFS, and proposed changes are not approved through this process. Officers have delegated authority to vire funds within the budget by up to £500,000 but have no authority to make policy decisions – these are reflective of the outcomes set out in TSP and require Cabinet or Council approval.
- 8.3. The Budget Report to be presented to Cabinet (February) and then Council (March) will include several proposals and set out a plan for how the planned activities of the authority will be delivered without exceeding available financial resources for the coming year.
- 8.4. Some proposals will be developments of existing policy direction set out by Councillors. These can therefore be implemented without new councillor decisions being required. These are often efficiency measures only, and may will fall within the thresholds for existing officer delegations, enabling them to progress at pace.
- 8.5. Other proposals are departures from existing agreed policies and so will require separate member consideration and new decisions to be taken. These will be presented in the normal way, through reports to relevant committees, ultimately seeking member approval at Cabinet or Council. Such decisions would be likely to include most capital investment decisions or confirmation of future stages in capital programme delivery. Further, these decisions would also be expected to require consultation and assessment of the equalities impacts. (For example, including expenditure on the North West Relief Road in the capital budget does not replace the necessary separate decision-making process applied to all capital schemes – rather, it ensures that funding is available for known schemes expected to progress. The governance of the capital programme supplements the budget process and allows flexibility and ensures that schemes demonstrate value for money.)

Approach to alternative budget proposals

- 8.6. The expectation was that the proposals put forward by Opposition Groups would likely amend aspects of the current budget (for the year 2022/23 published February 2022) or the proposals set out for next year (2023/24, published 14 December 2022) and would so revise or replace the policy direction set out by the current Administration.

- 8.7. The proposals were not required to be worked up in detail, but rather would set out policy objectives and reasonable proposals on how they might be achieved, with acceptable operational implications and affordable financial implications.

Status of officer advice

- 8.8. In the Committee discussion, members commented at times on their agreement or otherwise with the advice (financial or operational) that had been provided by officers. Officers exist to provide relevant advice to members, and care had been taken to ensure that appropriate advice was provided. Care should be exercised if officer advice is challenged, as this touches on a key element of organisational good governance.
- 8.9. This may be fruitful area for future scrutiny engagement to consider how the concerns of members may best be answered whilst preserving the professional neutrality of officer advice.

Gunning Principles

- 8.10. It was raised in discussion whether the Gunning Principles were complied with, as intended in the process agreed by Full Council in September 2022. Officer advice was given in the meeting that the Gunning Principles had been complied with, while accepting that there was a level of judgement to be applied in reaching that conclusion. However, that view was supported by the number of responses to the budget consultation launched in December and running to the end of January indicated that many residents felt that the information provided on the Administration's proposals was sufficient to enable consideration of and response to them.

9. Common themes

- 9.1. The proposals contained several key themes, and these are summarised below.
- 9.2. North West Relief Road – there was extensive discussion regarding the future of this scheme, with Opposition Groups indicating scepticism over the benefits of the scheme. Officers reported that proposals to cancel the scheme set out by opposition members were likely, based on current knowledge, to have a material and adverse revenue budget impact rather than providing funding that could be redirected. Alternatively, should the scheme not progress for reasons beyond the Council's control (from a delivery point of view) contingency plans would be invoked to maximise outputs and minimise the adverse financial implications falling upon the Council. Further, advice was offered that capital expenditure avoided would not necessarily lead to capital funding that could be redirected, as funding was specific to the scheme. It was also noted that the

scheme (and the related Oxon Link Road) was approaching a key delivery milestone relating to the ending of the enabling phase of work and the embarking upon delivery, beginning with the application for planning consent, at which point a wider discussion on the benefit and rationale of the scheme was to be anticipated.

- 9.3. Engagement with the NHS – There were several proposals advanced which recognised the current pressure on NHS services and sought to find ways in which the Council could play a part in helping to navigate those. Officers advised that while some proposals were similar to proposals already being explored with the ICB (Integrated Care Board), other proposals would be much more complex to adopt and perhaps counterproductive.
- 9.4. Staff recruitment and retention, especially within social care – Proposals were set out around how market forces supplements may be helpful in reducing differences between council staff and rates offered by other authorities or by agencies. but also that there was already work in hand to support current and future council staff. Other proposals were included to increase staffing in some key areas (such as educational psychologists); officer advice provided indicated that staffing had already been increased and highlighted that further systemic problems existed (such as the efficacy of CAMHS (Child and Adolescent Mental Health Services) services and funding).
- 9.5. Road Safety, traffic management, and alternative transport measures – Some proposals were advanced relating to wider adoption of traffic management measures, both within urban and rural centres and around schools. Proposals were also set out relating to promoting alternatives to using cars. Officers advised that significant work was already in hand relating to this, and included in the Administration’s proposals for next year, but that there may be scope to further develop these proposals further to the alternative budget proposals.
- 9.6. Energy efficiency – measures were proposals to increase use of LED lighting and to increase the energy efficiency of local housing stock. Several approaches were set out. Some of these are already supported via government initiatives but could potentially be extended. Consideration was given to how existing routes (e.g. via STARH (Shropshire Town and Rural Housing) and CDL (Cornovii Developments Limited), or through existing LED lighting schemes) might be expanded to help secure such objectives.
- 9.7. Impact of cost-of-living pressures – proposals were set out which aimed to protect those on lower council tax bands from the proposed 4.99% council tax increase, especially where households were in receipt of benefits. Officers advised that while significant funds were already included in budget proposals to support

vulnerable households (e.g. via Council Tax Support), that further measures could potentially be adopted. Similarly, proposals were set out to increase council tax charges for empty properties or for extended properties, which were discussed.

- 9.8. Impact of the Provisional Local Government Financial Settlement – It was raised that the impact of the settlement had not been communicated to the Opposition Groups with the effect that the impact on the Administration’s proposals was unclear, and so the relevance (or not) to the alternative budget proposals was also unclear.
- 9.9. Officers advised in the meeting that the substance of the settlement was better than anticipated, and that work was ongoing to quantify that. Members were reminded that the impact was in revenue budgets and not capital. The impact of the provisional settlement was, however, not sufficient to warrant diversion from the approach adopted in The Shropshire Plan. The settlement therefore provides an opportunity to de-risk elements of the delivery plan alongside several funds that are ringfenced or require a number of conditions to be delivered.

10. Conclusions

10.1. Overall

- This was the first year through this process, and there were some points that may be usefully strengthened in future years
- Opposition proposals demonstrated strong engagement with the process and brought forward several suggestions which either echo existing proposals set out by the Administration or, where affordable, could be considered in preparing the budget to be presented to Full Council in March.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Alternative Budget proposals:

[Agenda for Performance Management Scrutiny Committee on Wednesday, 4th May, 2022, 2.00 pm – Shropshire Council](#)

[Agenda for Cabinet on Wednesday, 7th September, 2022, 10.30 am – Shropshire Council](#)

[Agenda for Council on Thursday, 22nd September, 2022, 10.00 am – Shropshire Council](#)

[Agenda for Performance Management Scrutiny Committee on Wednesday, 11th January, 2023, 10.00 am – Shropshire Council](#)

December 2022 MTFS update and budget savings proposals:

[Agenda for Cabinet on Wednesday, 14th December, 2022, 10.30 am – Shropshire Council](#)

Cabinet Member (Portfolio Holder)

Gwilym Butler

Local Member

Appendices

None