

**Committee and Date**Cabinet
17th January 2024

Item

Public



Alternative Budget Proposals 2024/25

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Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance, Corporate Resources and Communities		

1. Synopsis

A revised approach to alternative budgets was agreed in September 2022 by Full Council. This report covers the discussion of the alternative budget proposals at the Transformation and Improvement Oversight and Scrutiny Committee meeting on 10 January in line with that report.

2. Executive Summary

- 2.1. In September 2022 Shropshire Council agreed, in a meeting of the Full Council, a revised alternative budget process. This was first applied for the 2023/24 budget process, and is now applied, for the second time, in preparation of the 2024/25 budget.
- 2.2. The outputs from the process for 2024/25 were reported to the Transformation and Improvement Overview and Scrutiny Committee on 10 January 2024.
- 2.3. Alternative budget proposals must be reviewed by finance officers because the Council's section 151 officer has an overriding duty to ensure a lawful balanced budget proposal is presented to Council for approval. Relevant officers from service departments also advise on the likely impact and feasibility of the

proposals brought forward. Together, this is the same way officers would advise Portfolio holders on their budget proposals to be discussed by Cabinet.

- 2.4. The report to overview and scrutiny committee identified several common themes notably arrangements to ensure value for money through all contracts let by or managed by the Council.
- 2.5. The discussion in scrutiny committee identified that looking to reduce the carbon footprint of the Council by having this as a priority within all procurement and contracting activities would be a key area to explore further in the coming months as the budget for 2024/25 and the MTFS for 24/25-28/29 are agreed and put into place.

3. Recommendations

That Cabinet

- 3.1. Note the discussion described that took place in the Transformation and Improvement Overview and Scrutiny Committee meeting.
- 3.2. Consider the reduction of carbon emissions in the supply chain as a potential spending reduction proposal and resolve to make any appropriate amendments considered necessary to the budget proposals to be presented to Full Council on 29 February 2024.

Report

4. Risk Assessment and Opportunities Appraisal

None directly arising from this report.

5. Financial Implications

None directly arising from this report. Any proposals considered for incorporation within the Council's budget will be fully costed before inclusion.

6. Climate Change Appraisal

None directly arising from this report. Any proposals considered for incorporation within the Council's Medium term Financial Strategy will be reviewed before inclusion.

7. Background

- 7.1. Full Council agreed the revised alternative budget process in its meeting of September 2022 (see link in background papers and also appendix 2).

- 7.2. A briefing note was sent out to the Opposition Group Leaders on 1 November 2023 (attached as appendix 1). Based upon the Council's latest financial position, groups were invited to submit proposals which identified how they may address the £23.6m budget gap for 2024/25 identified in the October MTFS update. It was also made clear that this is seen as part of the opportunity for Councillors and Members to work together, sharing information, ideas, and insights. It is part of the ongoing work of officers and members to ensure that all staff and all Councillors are supported, coached and provided development opportunities which help develop their skills.
- 7.3. Papers were discussed at the meeting of the Transformation and Improvement Overview and Scrutiny Committee on 10 January 2024.
- 7.4. In both the 2023/24 process and the 2024/25 process concern was raised by the Opposition groups over the level of support being provided to them by Officers. A summary is set out in the briefing note at appendix 1 with embedded links to reports available on the Council website. These reports provide most information routinely used by both Officers and Councillors (including Cabinet). Any amendment to the existing process requires Council approval.

8. Additional Information

- 8.1. The four opposition political groups were all contacted on 1 November and invited to submit alternative budget proposals. The independent group declined to submit a proposal.
- 8.2. The proposals for the Green Party focused on a single central proposal, being that the Council could move to a 'carbon neutral' supply chain. This rationale is that
 - The supply chain is the major contributor to the Council's overall estimated carbon emissions (more than the direct emissions e.g. through heating properties or through its fleet of vehicles).
 - Removing high-carbon purchases and reducing the supply chain carbon emissions has been demonstrated, elsewhere, to reduce overall spending by up to 10%, over time. This therefore has the scope to secure up to £37m of potential savings, which would more than cover the target level of savings set out as £23.6m.
- 8.3. The proposals from the Liberal Democrat group included 6 proposals. Overall, it placed reliance on the use of reserves to secure (near) financial balance across the proposals. The Executive Director of Resources explained the risks associated with use of reserves and stated that use of reserves at the level described (£24.7m) could not be supported in terms of the overriding duty mentioned in paragraph 2.3 above.
- 8.4. Elsewhere, the Liberal Democrat group proposals set out a range of new or changed service offers, including financial help (loans) to residents to insulate their homes and providing skips in areas of housing. There was also discussion on the proposals relating to the future of Shirehall.
- 8.5. In response, the Portfolio Holder and the Executive Director for Place described the range of support for home insulation already in place (both for domestic owner occupiers and also for social housing stock), the current level of provision for waste removal using skips which is provided through STaR Housing and charged

to the HRA, and the changing nature of the needs of the Council workforce and the outline business case relating to the re-provision of administrative buildings including Shirehall.

- 8.6. The proposals from the Labour group were, for the purpose of the report, divided into two separate tables. This is because not all the proposals had been received in time to allow officer review and comment to be undertaken in the usual way. The first appendix covered those proposals where officers had provided advice and the second appendix covered proposals which had not been reviewed and therefore were not considered by Overview and Scrutiny Committee.
- 8.7. The reviewed proposals would lead, if adopted in isolation, to an additional net pressure of £15.4m. This would mean that the proposed financial position would not be acceptable in terms of the overriding duty mentioned in paragraph 2.3 above.
- 8.8. The detail of the Labour group submission included a range of 'in-sourcing' proposals relating principally to highways contracts. It was questioned whether the number of staff affected as set out by officers was accurate as it seemed low against the overall value of the contracts under discussion. The Chair confirmed that the nature of the commercial contract letting process meant that arrangements for the delivery of agreed contracts (e.g. numbers of staff involved) are commercially confidential and so disclosure of contractual detail would not be appropriate within the committee. The Chair invited the Portfolio Holder and the Executive Director for Place to comment, who described the letting, and ongoing operation and management of the contracts being discussed and described the way that more staff are involved but this varies considerably over time, and that the low number of staff reported in the papers reflected only those staff directly involved in the contractor-side management of the contract (often sub-contractor management). The number of staff set out in the proposal, while correct, does not reflect all staff engaged, from time to time, on the contracts.
- 8.9. Potentially beneficial financial implications arising from insourcing were described by for the committee. The Chair invited the Portfolio Holder and the Executive Director for Place to comment on the viability of the proposals being presented. The Portfolio Holder and the Executive Director for Place commented that by working with providers with national reach in their supply chains and wider partnerships, economies of scale are secured that the Council could not deliver if acting alone. The Executive Director for Place also explained that the current 'intelligent client' approach to managing the contracts was securing strong performance and helping to reduce costs and improve efficiency.
- 8.10. A further proposal was to support additional insulation capacity. The Chair, along with the Portfolio Holder and the Executive Director for Place, responded by describing the existing arrangements in place utilising a range of external funding sources, and signposting residents to them.
- 8.11. Three Labour group proposals were submitted too late for officer review.

9. Conclusions

- 9.1. This report described the background, engagement, and outcomes of the 2024/25 alternative budget process.

- 9.2. The process has led to several opportunities being identified that Cabinet may want to consider further, particularly how moving to reduce the carbon footprint of the Council's supply chain may help both deliver our climate commitments and reduce costs.

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

[Alternative budget process \(September 2022 Council\)](#)

[Alternative Budget Proposals for Cabinet, 18/01/2023](#)

[Alternative Budget Proposals for Transformation and Improvement Overview and Scrutiny Committee, 10/01/2024](#)

Local Member: NA

Appendices

Appendix 1 – Briefing note sent out to define the process for 2024/25

Appendix 2 – process map included in the Full Council report (Sept 2022)

Appendix 1 – briefing note sent out 1 November 2023

Briefing note Alternative budget process 2023 (for budgets 2024/25)
To Opposition Group Leaders, CX, CFO, MO
From Ben Jay, AD Finance & IT
Date 31 October 2023

- 1 There is wide expectation of an imminent general election, with local elections to follow in May 2025. The alternative budget process is, in part, to enable opposition groups to familiarise themselves with the requirements of budget preparation in a local authority, as if they were the presiding administration.

- 2 At the present time, the October MTFs update presented to Cabinet (18 October) identified a £23.6m pressure in the budget position for 2024/25. In the first instance, Opposition groups should provide options through which this gap can be closed.

- 3 The ground rules are the same as for the Cabinet.
 - a. There is a £23.6m funding gap to be addressed.
 - b. All proposals must, to be eligible, and in line with statutory guidance, correct the current imbalance in the revenue budgets. Any further proposals must be cost neutral.
 - c. Returned alternative budgets which do not break even (or better) will be discounted from further consideration.
 - d. Capital proposals, where brought forward, will be assumed to be funded from external borrowing (this is the usual default). Any revenue costs arising must be funded from within other revenue proposals.
 - e. Information is included as a set of linked documents (below). At the present time, there is little information beyond this available to the Cabinet, so a 'level playing field' is being preserved. The inclusion of the Quarter 2 Finance report (from 6 November) will provide access to the most up to date insight into the overall financial position of the Council.

- 4 The timeline is broadly as set out agreed by Full Council in September 2022, namely
 - a. Wednesday 1 November 2023: Publication of timeline and templates
 - b. Friday 24 November: Return of draft proposals to Ben Jay or Cheryl Sedgley
 - c. Friday 15 December 2023: Proposals finalised with possible service implications.
 - d. Wednesday 10 January 2024: Proposals to be considered by the PMSC scrutiny committee.
 - e. Wednesday 17 January: Cabinet to receive feedback from PMSC Chair on the alternative budget proposals and the scrutiny of them.
 - f. Additionally for this year, there will be two opportunities arranged for each group to meet with Ben and Cheryl to discuss proposals and options. These are proposed for the 13-24 November (first meetings) and 4-15 December (second meetings, to ensure submissions are finalised).
 - g. Also this year, there is an Opposition Group Leaders meeting arranged for the 8 November which may provide an opportunity to discuss the process further and any issues or obstacles being encountered.

- 5 Worked examples
 - a. Alternative budget proposals must balance overall and address the identified budget gap of £23.6m.

- b. Initially, you may want to review the inflationary, base budget pressures, and unachieved savings (as itemised in the October MTFS position) to determine whether, in it was up to your group, those pressures would be accepted or rejected.
- c. Other proposals may be prepared along the following lines:
 - i. We wish to increase provision for SEND support in schools. This is estimated to cost £50,000 per additional post, and we would like there to be 3 more posts. This will therefore cost £150,000. It is proposed to fund this from the Dedicated Schools Grant (DSG), High Needs Block.
 - ii. We want to increase car parking fees to reduce town centre traffic and promote more sustainable, lower carbon travel options. We want to secure an additional £1m of income, which will be spent on enhancing cycle lanes and making them safer and more easy to navigate. (Cheryl or I can provide details on the level of current car parking income, the % increase that £1m represents, and so the estimated increase in tariffs.)
 - iii. We want to reduce Libraries by identifying the 2 least financially viable and closing them. (Again, Cheryl or I can help identify which these are and the amount likely to be saved.) The saved amount can then be repurposed into other investment, or used as a contribution to address the £23.6m base budget deficit.

6 Reference documents

- a. Alternative budget report to Council September 2022:
 - i. [alternative budget process](#)
- b. Budget report and supporting documents from March 2023 Full Council (NB – there is a lot here, but the detailed pages of the MTFS for spending and resource estimates are a good starting point, and the Budget Book provides details of the overall budget split into service areas, expenditure and income types, and portfolios):
 - i. [MTFS 2023-24 - 2027-28](#)
 - ii. [Capital Strategy 2022.23 to 2027.28](#)
 - iii. [Treasury Strategy 2023.24](#)
 - iv. [Budget Book 2023-24](#)
 - v. [Council Tax Resolution 2023-24](#)
 - vi. [Collection Fund outturn 2022/23](#)
- c. October 2023 MTFS:
 - i. [Appendix 1 - Oct Medium Term Financial Strategy 2024-25 - 2028-29.pdf \(shropshire.gov.uk\)](#)
- d. Quarter 1 Finance report 2023/24 (this provides a detailed analysis of the position for all budget areas April-June 2023 and the forecasts to March 2024, with commentary).
 - i. [Q1 finance report 23-24](#)
- e. Quarter 2 Finance report 2023/24
 - i. TO FOLLOW (currently in clearance, to be published 6 November)

Appendix 2 – process map included in the September 2022 report agreed by Full Council

Future Process for Alternative Budget Proposals

The proposed process for the consideration of Alternative Budget Proposals is as follows:

