

Decision Maker:	ADULT CARE AND HEALTH POLICY DEVELOPMENT AND SCRUTINY COMMITTEE		
Date:	Thursday 27th January 2022		
Decision Type:	Non-Urgent	Non-Executive	Non-Key
Title:	ADULT CARE AND HEALTH PORTFOLIO DRAFT BUDGET 2022/23		
Contact Officer:	James Mullender, Head of Finance, Adults, Health & Housing Tel: 020 8313 4196 E-mail: James.Mullender@bromley.gov.uk		
Chief Officer:	Director of Finance		
Ward:	All		

1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2022/23 Budget which incorporates future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 12th January 2022. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
- 1.2. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2022/23 Council Tax levels.
- 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2022/23 Council Tax report to the next meeting of the Executive.

2. RECOMMENDATIONS

2.1 The Adult Care and Health PDS Committee is requested to:

- ii) Consider the update on the financial forecast for 2022/23 to 2025/26;
- ii) Consider the initial draft 2022/23 budget as a basis for setting the 2022/23 budget; and
- iii) Provide comments on the initial draft 2022/23 budget for the February meeting of the Council's Executive.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Adult Care and Health Portfolio budget setting supports the provision of services to vulnerable adults
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Corporate Policy

1. Policy Status: Existing Policy
 2. MBEB Priority: Adults and Older People. Managing our resources well
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Adult Care and Health portfolio budgets
 4. Total current budget for this head: £86.3m (draft 2022/23 budget)
 5. Source of funding: Draft revenue budget for 2022/23
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2022/23 Financial Control Budget to be published in March 2022
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2022/23 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1.1. The Draft 2022/23 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 3.1.2. The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2022/23. It is important to note that some caution is required in considering any projections for 2023/24 to 2025/26 as this depends on the outcome of the Government's next Spending Review as well as the awaited impact of the Fair Funding Review and future plans relating to arrangements for business rates.
- 3.1.3. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2021/22 (year to October 2021) is £127bn, with overall debt representing 95% of GDP, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues. The Spending Review provided a one- year settlement which leaves considerable uncertainties over future years.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21. The 2021/22 and 2022/23 settlement provide additional funding, but this needs to be considered in the context of the 'new normal' and the considerable cost pressures facing local government. Austerity measures for future years will be a consideration but this is particularly problematic for the Government at the current time given the recessionary impact of the Covid situation and the need for a sustainable economic recovery. It is currently predicted that it could take 10 to 15 years to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario. Austerity measures remain a real possibility from say 2024/25 or 2025/26 as the Government will need to address the impact of the public finances from the Covid situation. Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results could lead to future real term funding reductions remaining for local government. Even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.
- 3.1.5. The financial forecast detailed in this report assumes that Government funding for local government will be broadly flat from 2023/24 and future years, despite local government cost pressures. Additional funding will be provided for Adult Social Reforms for 2023/24 to 2025/26 but such funding will be offset by additional costs relating to new burdens/cost pressures from these changes. The Provisional Local Government Finance Settlement 2022/23 provides

funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years.

- 3.1.6. The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.
- 3.1.7. Bromley has the second lowest settlement funding per head of population in 2022/23 for the whole of London, giving us £115 per head of population compared with the average in London of £303 – the highest is £522. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Further details are provided in Appendix 3. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £32.6m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents – the most recent response is included in Appendix 4. Despite being a low-cost authority, Bromley has achieved general savings of over £110m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

3.2. SUMMARY OF FINANCIAL FORECAST

- 3.2.1. Details of the financial forecast are provided in the Draft 2022/23 Budget and Update on the Council's Financial Strategy 2022/23 to 2025/26 report to the Executive on 12th January 2022.
- 3.2.2. Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £19.5m per annum by 2025/26. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2025/26 partly due to net service growth/cost pressures. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

3.3. CHANGES SINCE THE 2021/22 BUDGET THAT IMPACT ON THE DRAFT 2022/23 BUDGET AND FINANCIAL FORECAST

- 3.3.1. The 2021/22 Council Tax report reported to Executive in February 2021 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2022/23, which covered 2022/23 continues to provide a significant improvement in funding for local government and combined with 2021/22 represented the most positive funding proposal for local government since austerity began 11 years ago. The latest 2022/23 settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (1% increase) to support cost pressures in social care. It has also provided additional funding towards social care costs (£2.96m), inflation cover for the Council's business rate share (£1.18m) and a 'Services Grant' of £2.652m.

- 3.3.3. The additional funding is welcomed but this has to be considered against the highest inflation levels for 10 years, ongoing impact of pandemic, increase in employer national insurance costs (1.25% to fund social care reforms) and ongoing cost/service pressures. Uncertainty remains on the level of funding for future years. Apart from the one-off services grant, the forecast assumes that the level of core grant funding will remain unchanged in future years.
- 3.3.4. Historically the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2022/23 Budget assumes contract price increases of 5.0%, in 2022/23 reducing to 2.5% in 2023/24 and 2% per annum from 2023/24, which compares with the existing CPI of 5.1% (7.2% for RPIX) - inflation is at its highest level for 10 years. The Bank of England have recently indicated that inflation is expected to increase to 6% by the summer and will revert back to target levels of 2% by mid-2024. Then financial forecast assumes inflation of 2.5% in 2023/24 reducing to 2% per annum from 2024/25. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.
- 3.3.5. The Draft 2022/23 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.9m in 2022/23 rising to £27.3m per annum from 2025/26. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population changes and the potential impact of other public agencies identifying savings or new cost burdens which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. It will also assist in dealing with the ongoing uncertainty relating to the ongoing Covid situation. If the monies remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue.
- 3.3.6. With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends' groups) and exploring opportunities around community-based place shaping led by the Council as a community leader. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of over £110m per annum since 2009/10 and the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income, but this alone will not be enough to meet the future years' budget gap. The key consideration is how the Council can balance the budget over the next four years. Considering the core statutory minimum service requirements, Chief Officers continue to undertake the transformational review across all services, focusing on higher spend services first with options being presented to future meetings. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.

- 3.3.7. The current Adult Care and Health Portfolio budget includes Phase 1 and Phase 2 Transformation Savings, agreed as part of the 2020/21 and 2021/22 budgets, totalling £1.2m per annum.
- 3.3.8. This key work continues, and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the ‘budget gap’ whilst ensuring key priorities are met.
- 3.3.9. There remain significant cost/growth pressures impacting on Adult Care & Health budgets as well as opportunities for the mitigation of costs which have been reflected in the Draft 2022/23 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Growth/cost pressures	6,069	8,034	10,380	12,836
Mitigation	Cr 3,500	Cr 3,199	Cr 3,005	Cr 3,310
Net additional costs	2,569	4,915	7,375	9,526

- 3.3.10. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2023/24 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.
- 3.3.11. In March 2017, after the Council agreed its 2018/19 Budget, the Government agreed further iBCF non-recurring funding of £4.463m in 2017/18, £3.363m in 2018/19 and £1.677m in 2020/21. The utilisation of these monies required the joint agreement with Bromley CCG. As part of the 2021/22 Budget, the monies due that year were used to create a ‘whole system reserve’ that can be called to avoid any crisis in the joint health and social care systems. This can include, for example, utilising resources to aid hospital discharge when the clients still have complex needs. Many of our providers will not take people at this level of intensity without an enhanced payment - the reserve could be used to fund this. This effectively provides an expansion of winter pressures funding but will be used in other times of the year. The Draft 2022/23 Budget assumes that this arrangement continues, whilst iBCF funding remains.

3.4. FINANCIAL IMPACT OF COVID-19

- 3.4.1. It is clear that there are potential additional cost pressures facing the Council due to the impact of the pandemic which includes for example:
- Ongoing impact of increase in referrals for children social care.
 - ‘Long Covid’ effect on adult social care activity and costs.
 - Potential increase in homelessness costs following end of furlough and national eviction ban.
 - Reduced income remaining from car parking and other income sources.
 - Ongoing challenges relating to debt recovery (partly due to required delay enforcement action for income recovery).
- 3.4.2. Some of these changes had been incorporated in the 2022/23 Budget but there remains uncertainty about the ongoing impact arising from the ‘new normal’. The Provisional Local Government Finance Settlement 2022/23 announced on 16th December provides no specific long COVID (or ‘new normal’) additional funding for local government in 2022/23.

3.4.3. DETAILED DRAFT 2022/23 BUDGET

3.4.4. Detailed Draft 2022/23 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

3.4.5. Appendix 1 sets out:

- A summary of the Draft 2022/23 Revenue Budget for the Portfolio showing actual 2020/21 expenditure, 2021/22 budget, 2022/23 budget and overall variations in planned spending between 2021/22 and 2022/23;
- A summary of the main reasons for variations for the Portfolio in planned spending between 2021/22 and 2022/23 together with supporting notes;
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.5. ADULT SOCIAL CARE REFORM

3.5.1. The Government published on 15th September 2021 the Build Back Better: Our Plan for Health and Social Care'. This included a new health and social care levy of 1.25% added to National Insurance contributions from April 2022 onwards. Although initial funding will be used to clear NHS backlogs, funding will be provided for the capping of care costs to be implemented from October 2023. There will be a cap on care costs of £86,000 which represents the maximum someone would pay towards their cost of care. There are changes to the means-test limits and individuals would still pay the 'hotel costs' for residential care, irrespective of the cap, when they can afford it. The Government announced as part of the publication that they expect demographic and unit cost pressures to be met through Council Tax, the social care precept and longer-term efficiencies. There is funding provided of £804k in 2022/23 for the Capping of Care Costs and Fair Cost of Care reform to cover preparation costs. This may increase to £8m per annum by 2024/25 {cap and means test (£5.6m) and fair cost of care (£2.4m)}, but this will depend on the distribution formula to be used. Although this represents additional funding for local government there will be significant reductions in income to the council from these reforms as well as additional commissioning costs which may more than offset this grant funding. This funding also covers the setting up costs. There is likely to be a significant shortfall of funding in meeting this new responsibility in the longer term with potential Fair Cost of Care additional costs of between £10m and £15m per annum. Although the financial forecast assumes that the changes will be fully funded at this stage, whilst a more detailed assessment is required, this represents a significant financial risk to the Council.

3.5.2. A White Paper on social care reform was published on 1st December 2021 which included, for example, offering more choice, control and independence for care users, information on workforce reform, inspection and quality assurance, integrated housing support and integration with health services. A further integration with health paper is awaited.

3.5.3. There are further monies allocated to Department of Health and Social Care which mainly relate to the White Paper reforms (£1.8bn over period 2022/23 to 2024/25 Some of the monies will be allocated to the NHS, as well as local government but the split is not known at this stage. National funding identified to date includes:

- At least £300m to provide integrated housing.
- At least £150m for technology and digitalisation
- At least £500m for workforce training and qualifications.
- Up to £25m to support unpaid carers.

- £30m for innovation of support and care.
- At least £5m to help people understand care and support available.
- More than £70m to improve the delivery of care and support services
- Use of the balance (around £720m) yet to be determined.
- Details of how this funding will be allocated and requirements are awaited.

3.6. INTEGRATION WITH HEALTH

- 3.6.1. The Council is working with the Bromley borough-based board (linked with South East London CCG) to explore opportunities for any further delivery of local integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the pooling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.
- 3.6.2. Advice from Chartered Institute of Public Finance and Accountancy (CIPFA) states that Councils have a duty to their own council taxpayers as well as their clients and need to ensure that their council taxpayers are not, in effect, being asked to underwrite a portion of NHS costs.
- 3.6.3. A new Integrated Care System (ICS) will be created from April 2022 providing a new combined South East London ICS. The changes will be monitored closely to identify the risks/opportunities that may arise to meet the ‘Making Bromley Even Better Priorities’.

3.7. REVIEW OF FEES AND CHARGES

- 3.7.1. There will need to be an ongoing review identifying opportunities as the medium term ‘budget gap’ remains significant. Chief Officers will continue to review fees and charges during 2022/23 to identify opportunities to reduce the future years ‘budget gap’.

3.8. IDENTIFYING FURTHER SAVINGS/MITIGATION

- 3.8.1. The scale of savings required in future years cannot be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of ‘unintended consequence’ of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2022/23 Budget represents the third year of savings from the Transformation Programme (see section 6.7). This key work continues, and further proposals will be reported to Members as part of addressing the four-year financial forecast and meeting the ‘budget gap’ whilst ensuring key priorities are met.

3.9. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

Adult Social Care

- 3.9.1. The main financial risk for Adult Social Care as we move into the next financial year will remain the impact of the Covid-19 pandemic. Whilst there have continued to be short term additional funding streams, both at a local and national level, there have been increased

demands made on the service both in terms of the numbers of people who have not previously needed social care support and now do, but also the length of time it is taking people to recover from the virus leading to increased hours needed.

- 3.9.2. Providers of social care have seen increased costs, partly met by national grants, but these will continue on an ongoing basis. Following the release of the White Paper, People at the Heart of Care, we can also expect that providers will begin to push hard on local authorities to increase payments in line with the recommendations to reduce the gap between people who fund their own care and those supported by the local authority.
- 3.9.3. The Council is still awaiting the change in legislation to the new Liberty Protection Safeguards which is anticipated will increase the numbers of people who require our involvement.
- 3.9.4. At the same time, there are continuing demographic pressures, with Bromley having the second highest proportion of the population aged over 65 across London. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.
- 3.9.5. The Transformation Programme in Adults has continued throughout the last year and we continue to seek to control demand by ensuring that all staff are up to date with alternative forms of help and support within the community and are able to signpost residents as appropriate.
- 3.9.6. Containing our supplier costs will remain challenging in the coming year, and it is the case that we are very dependent on our commissioning team to manage pressures in a number of areas. This is particularly acute in the complexities of children transitioning from children's to adults' services. Reviewing this remains part of the Transformation Programme.
- 3.9.7. Nationally the care worker sector continues to experience recruitment challenges partly as a result of pay levels but also caused by the lack of parity of esteem with healthcare staff. The service has successfully reduced the number of agency staff in post, reducing cost and improving the consistency and quality of service offered.

Public Health

- 3.9.8. Covid-19 pandemic has brought increased health protection responsibilities for Public Health teams at local level. The main areas of growth are outbreak management, clinical response service, contact tracing and community testing. In Bromley, these extra statutory responsibilities coupled with known clinical pressures, resulted in an annual recurring cost pressures.
- 3.9.9. In relation to other Public Health services, throughout the pandemic there has been a significant growth not only in demand (as seen in the local drug and alcohol service) but also a rise in complex cases with significant safeguarding issues. The recent experience is not new, but the pandemic has heightened the pressure and brought forth the challenge on service delivery during the pandemic.
- 3.9.10. A recurring cost pressure has also arisen from the annual NHS pay award uplift, known as Agenda for Change, which remains for both the 0-19 Programme and Sexual Health Service. Additionally, within the sexual health services, Pre Exposure Prophylaxis (PrEP) treatment has to be routinely commissioned through the Public Health Grant.
- 3.9.11. The need to ensure services are delivered with Covid safe measures means that capacity for provision of face-to-face contacts are reserved for the most vulnerable and those at highest risk. While providers have been proactive with telehealth provisions, services that require face to face contacts (such as women requiring removal and reinsertion of contraception devices)

are already facing a waiting list that will continue into the new year. The situation may worsen if the Covid infection rate continues to rise. Waiting list will be a key risk in relations to patient safety and financial position as it may be necessary to increase resources to mitigate harm to patients.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Draft 2022/23 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

5. POLICY IMPLICATIONS

- 5.1 The Draft 2022/23 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

6. FINANCIAL IMPLICATIONS

- 6.1 Financial implications are contained within the overall body of the report.

7. PERSONNEL IMPLICATIONS

- 7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2022/23 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

8. LEGAL IMPLICATIONS

- 8.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance Act 1992 (as amended) requires the Council to set an amount of council tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of council tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of council tax.

- 8.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.

- 8.3 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfil by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound

public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the Council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

- 8.4 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2022/23 Council Tax report to be reported to the February meeting of the Executive.

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2022/23 Budget and Update on the Council's Financial Strategy 2023/24 to 2025/26, Executive 12 th January 2022.