

Cherwell District Council

Budget Planning Committee

13 July 2021

Review of the 2021/22 Budget Process

Report of Director of Finance

This report is public

Purpose of report

To provide the Budget Planning Committee with a review of the 2021/22 Budget Process

1.0 Recommendations

The meeting is recommended:

- 1.1 to note the review of the 2021/22 Budget and Business Planning Process.
- 1.2 To recommend to the Executive that the proposed improvements at section 3.9 be incorporated into the 2022/23 Budget and Business Planning Process.

2.0 Introduction

- 2.1 The budget process for 2021/22 took place in a very different scenario to recent budget processes for the Council for two key reasons:
 - The country was in the grip of the Covid-19 pandemic, causing in-year budget pressures, which resulted in a revised 2020/21 budget being developed and approved by the Council; and
 - The Council was required to identify significant levels of savings in order to set a balanced budget
- 2.2 Despite these challenges, the Council was able to operate a budget process that included £4.4m savings in 2021/22 in order to set a balanced budget. The supporting information was transparent in demonstrating how the Council intended to use its resources over the medium-term planning period.

3.0 Report Details

- 3.1 The process for the development of the budget for 2021/22 began in February 2020 when the Medium-Term Financial Strategy (MTFS) identified significant level of savings would be required in 2021/22. Further in year savings were also identified

as a result of the Districts council's response to and support for our communities during the Covid-19 pandemic. The process was further challenged by being delivered with covid restrictions in place.

- 3.2 The Committee received a report at its meeting on 29 September 2020 to note the 2021/22 Budget and Business Planning Process. At the meeting a request was made to bring the consideration of capital bids forward from the proposed 19 January 2021 meeting. The capital bids were considered at an additional Committee meeting on 5 January 2021.
- 3.3 Primarily due to the financial impacts of the Covid-19 pandemic and the anticipated business rates reset, the Council was in a situation of having to identify savings in order to balance its budget. Due to its success in growing its business rates income in recent years, the Council has not had to identify significant savings proposals, so this became a new element to the process for the 2021/22 budget.
- 3.4 The Council also recognised that there was considerable financial uncertainty and so understanding the reserves available was essential to be able to react to financial shocks. The Council prioritised reviewing its reserves policy and moved to holding its reserves in a more strategic way where there were no specific future commitments against them. The Committee was able to review and comment on both the revised reserves policy (29 September 2020) and the review of reserves (19 January 2021) prior to them being adopted by the Council.
- 3.5 As the Council had identified that it needed significant revenue savings, the focus of the budget process fell onto the revenue budget. The Council issued a budget consultation in December 2020 on £4.3m new savings proposals for 2021/22. Budget Planning Committee had the opportunity to consider the savings proposals at its meeting on 15 December 2020. Corporate Directors attended the Committee to provide additional information around the savings proposals where members of the committee had questions. The equality impact assessments on the savings proposals were published alongside the papers considered by the Executive in February 2021.
- 3.6 The consultation on the budget ran from 8 December 2020 to 8 January 2021. 388 responses were received in total. The responses to the consultation, as well as feedback from the Committee, were taken into account by the Executive when proposing its budget for Council to consider. The Executive amended the savings proposals by deferring a proposal to increase rents for affordable homes and shared ownership properties by 1 year.
- 3.7 As the focus of the process had concentrated on the revenue budget, the capital proposals were issued for consideration later in the process. An additional Budget Planning Committee was scheduled to consider the capital bids on 5 January 2021. Again, the Committee's feedback on the capital bids was considered by the Executive in proposing its budget for Council to consider.
- 3.8 Overall the 2021/22 Budget and Business Planning process was able to identify sufficient savings proposals to balance its budget for 2021/22 and was able to engage far more residents with the budget proposals than it has been able to in the past.

2022/23 Process – Suggested Improvements

3.9 As with all processes, following review there are potential improvements that can be identified. These improvements are made in the context of the Council identifying that £7.3m savings will be required when setting its 2022/23 budget. Proposed improvements for the 2022/23 Budget and Business Planning Process are:

- **Review how the Council allocates its resources to ensure they are aligned with the Council's priorities**

The Medium-Term Financial Strategy (MTFS), approved as part of the 2021/22 Budget, suggested a review of the Council's priorities for 2022/23 and beyond and alignment of the Council's resources in order to maximise delivery against these.

- **Carry out additional engagement with residents on the Council's priorities and services it provides to inform savings proposals**

The MTFS proposed that the Council should consider the changing needs of its residents when considering the services it should provide. Early engagement on the priorities of the Council and how they fit with residents in a "post Covid" era will help to inform the Council on where it should focus its limited resources.

- **Look to ensure that the Capital Budget proposals are developed to the same timeline as the revenue budget proposals**

Capital expenditure has an important role to play in the delivery of the Council's priorities over the medium and long term. Therefore, in order to make informed decisions about how resources are allocated in order to maximise the delivery of the Council's priorities all proposals should be considered together.

4.0 Conclusion and Reasons for Recommendations

4.1 Improvements to the budget process have been identified and are proposed to be incorporated into the 2022/23 process.

5.0 Consultation

This report sets out a review of the 2021/22 budget setting process. As such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 There are no alternative options to this report.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising from this report.

Comments checked by:
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Legal Implications

7.2 There are no legal implications associated with this report.

Comments checked by:
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Risk Implications

7.3 There are no risk implications associated directly with this report.

Comments checked by:
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8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- None

Background papers

None

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