

**POLICY AND RESOURCES COMMITTEE – 12 SEPTEMBER 2022**

**PART I - DELEGATED**

**10. STRATEGIC, SERVICE AND FINANCIAL PLANNING INCLUDING DEVELOPMENT OF CORPORATE FRAMEWORK 2023-2026 (DCES/DoF)**

**1. Description**

- 1.1 The purpose of this report is to seek agreement to the process whereby the Council will determine its three-year medium-term strategic plan for 2023-2026, the related service plans, and the allocation of financial resources to achieve them.

**2 Summary of Main Points**

- 2.1 Each year the Council is required to set a realistic, achievable in-year budget and indicative budgets for the following two years. Overall responsibility for the budget setting process is the responsibility of the Director of Finance. (shared services)

- 2.2 The process for agreeing the strategic, service and financial plans relies upon the principles that:

2.2.1 The Policy and Resources Committee concentrates at a strategic level on how the Council allocates resources between its key objectives, the level of council tax to be set, and the financial reserves to be held.

2.2.2 Service committees formulate recommendations to the Policy and Resources Committee on the provision and level of services within their remit and validate the details of the budget to achieve this.

2.2.3 Officers prepare savings & growth proposals for consideration by the service committees

***Corporate Framework***

- 2.3 The Council adopted its current three-year Corporate Framework for the period 2020-2023 on 25 February 2020 (minute CL75/19 refers). This was prepared taking into account consultation on priorities with the Local Strategic Partnership and the public and national priorities.

- 2.4 The Corporate Framework included:

2.4.1 A vision for the council of 'We want Three Rivers to be a place for everyone where all our communities enjoy a healthy and sustainable future with access to good quality housing and open spaces, high quality services , and a successful economy.'

2.4.2 Four priorities: Housing and Thriving Communities, Sustainable Environment, Successful Economy and High Performing, Financially Independent Council

- 2.5 The Corporate Framework consists of two elements,

- 2.5.1 An introduction that outlines the purpose of the plan and the internal and external influences that have been taken into account during the plan's development, and
- 2.5.2 Tabular representation of each of the themes and corresponding aims and objectives. Various activities, measures and targets are also linked to each objective.
- 2.6 The period of the existing Corporate Framework has been extraordinary and has affected the district in many ways with unprecedented demand for and pressure on the Council's. The events of recent years have triggered an unprecedented level of new working between central and local government with the latter including this council assuming new and evolving duties that have and continue to play a key role in the wellbeing of communities.
- 2.7 Looking ahead, there remain many uncertainties which means the work to revise the current Corporate Framework is challenging. As communities and businesses move towards "living with Covid" and nationally the cost of living crisis builds, the impact of on the economy (national and local) remains unclear, though the early signs are very concerning. Consequently, further impacts on the Council; the services it needs to provide and its finances, remain unclear.
- 2.8 A new draft Corporate Framework is being developed based on best available evidence and forecasts and will be brought back to Committee in November for consideration. It will, however, be important to keep any assumptions under close review during the months ahead.

### ***Service Plans***

- 2.9 Officers will prepare service plans, for consideration by committees in November 2022, focused on delivery of the draft Corporate Framework, incorporating details of any existing, revised or new, performance indicators, the latest approved budgets, proposals for new projects or work streams and an analysis of any risks and opportunities arising from the plans.

### ***Financial Plan - Revenue***

- 2.10 The Council prepares and monitors a rolling three-year Medium Term Financial Plan (MTFP) consisting of a working budget for the current year and indicative budgets for the following years. This contains budget estimates calculated at a detailed level. The latest budget monitoring report (at end of July – Period 4) is elsewhere on this agenda.
- 2.11 Officers will convert the previous indicative budget for 2023/24 into a detailed plan. They will also add a 'new' third year indicative budget to complete the three-year plan for 2023/2024 to 2025/26. Appendix 1 details the assumptions to be used in preparing these detailed budget figures.
- 2.12 The Council is required to set a balanced budget for 2023/24 and agree a prudent minimum level of general balances that should be maintained to assist cash flow management, avoid the need to borrow in the short term, and cover unforeseen expenditure.

### ***Capital Investment Programme***

- 2.13 The budget monitoring reports provide the current position on progress against the 2022/23 capital investment programme and the resources available for future investment.
- 2.14 Officers will carry out option appraisals on the future capital investment schemes. It is proposed to use the method of prioritising schemes that was applied last year.
- 2.15 It should be noted that schemes that are deemed to be as 'invest to save' are likely to be regarded more favourably than those requiring growth in revenue expenditure.
- 2.16 In accordance with the Protocol on Member / Officer Relations, briefings on the strategic, service or financial plans can be requested by party groups.

**Budget Consultation**

- 2.17 Members are asked to consider whether the Council wishes to carry out any budget consultation, and if so, what form it should take.

**3 Policy/Budget Reference and Implications**

- 3.1 The recommendation in this report is within the Council's agreed policy and budgets.

**5. Staffing, Customer Services Centre, Communications & Website Implications**

- 5.1 None arising from this report

**6. Financial Implications**

- 6.1 None arising from this report.

**7. Legal Implications**

- 7.1 Under Local Authority regulations only Full Council can agree a Corporate Framework
- 7.2 The Council must set its budget before 11 March 2021 in accordance with Section 32 (10) of the Local Government Finance Act 1992.
- 7.3 The Council's Chief Financial Officer (Shared Director of Finance) has a statutory duty to report to the Council if it is likely to incur expenditure that is unlawful or likely to exceed its resources.
- 7.4 The Localism Act includes powers to allow local residents to veto through a referendum council tax rises that propose to exceed the limit imposed by Central Government.

**8. Equal Opportunities Implications**

- 8.1 Relevance Test

Has a relevance test been completed for Equality Impact?	Yes
Did the relevance test conclude a full impact assessment as required?	No

An equality impact assessment will be completed for the proposed the new Corporate Framework	
--	--

**8. Staffing Implications for staffing, environment, community safety and Public Health**

8.1 None specific to this report.

**9. Risk and Health and Safety Implication**

9.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

Nature of Risk	Consequence	Suggested Control Measures	Response (tolerate, treat, terminate, transfer)	Risk Rating (combination of likelihood and impact)
Council does not agree the Corporate Framework.	There is no clear articulation of the priorities of the Council	Council to agree a Framework to direct the work of services	Tolerate	4

9.2 The above risks are scored using the Council Risk matrix. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

**10 Recommendations**

10.1 That the assumptions to use in preparing the detailed budgets for the period shown in Appendix 1 be agreed.

10.2 That the draft timetable at Appendix 2 be agreed.

10.3 That the format of any budget consultation if agreed be approved by the Director of Finance in consultation with the Lead Member for Resources.

Report prepared by: Emma Sheridan, Head of Community Partnerships

**Background Papers:**

Corporate Framework Action Plan for 2022-2023

**APPENDICES / ATTACHMENTS**

Appendix 1 – Assumptions to be used in preparing budgets

Appendix 2 – Timetable – Strategic, Service and Financial Planning 2023-26

## **ASSUMPTIONS TO BE USED IN PREPARING BUDGETS**

The following assumptions will be made in preparing the detailed estimates for the three year Medium Term Financial Plan (MTFP).

### ***Employee Costs***

A 2% year on year increase has been assumed within the existing MTFP however, this is subject to change. The expected increase will be reviewed during the autumn, taking into account the outcome of the pay negotiations for 2022/23 and the latest projections for inflation. A 1% increase is equivalent to an additional budget pressure of around £130k. The Council also allows for a 1% vacancy provision.

The employers' pension contributions and national insurance contributions will also be built into the financial projections.

### ***Parish Precepts***

This is assumed to increase by 2%.

### ***Other Cost Inflation - Supplies & Services***

As in past years, a cash freeze will be applied to detailed budgets unless there is a contractual agreement (e.g. in fuel prices) to the contrary or there are known increases or demographic pressures – i.e.: unavoidable growth.

### ***Fees & Charges***

In previous years RPI has been used to set the minimum expected increase for fees and charges that are not set by statute. The latest published RPI for July 2022 is 12.3% and is expected to remain at over 10% for a further 12 months. In light of the inflationary cost environment, fees will be reviewed with a view to achieve full recovery of additional costs incurred by the Council in the delivery of chargeable services. A target for a minimum increase will be set during the Autumn. Heads of Service will be asked to review increases in the light of their effect on demand, affordability and vulnerability, however, any request to not increase discretionary fees and charges must be supported by a growth bid.

## TIMETABLE – STRATEGIC, SERVICE AND FINANCIAL PLANNING 2023-26

19 Sept 22	Start Public Consultation on Corporate Objectives (6 weeks)	
07 Nov22	Policy and Resources Committee	Q2 Performance 2022-23 Budget Management P6 Draft Corporate Framework 2023-26 Draft Service Plans 2023-24
15 Nov 22	Infrastructure, Housing and Economic Development Committee	Draft Service Plans 2023-24
23 Nov22	Leisure, Environment and Community Committee	Draft Service Plans 2023-24
13 Dec 22	Council	2023-24 Council Tax Base Agreed
23 Jan 23	Policy and Resources Committee:	Final Draft Corporate framework Draft Budget & 2023-2026 MTFP
21 Feb 23	Budget Council:	Final Corporate Framework 2023-2026 Medium Term Financial Plan Approval
13 Mar 23	Policy and Resources Committee	Final Service Plans
15 Mar 23	Infrastructure, Housing and Economic Development Committee	Final Service Plans
21 Mar 23	Leisure, Environment and Community Committee:	Final Service Plans