

Agenda Item 8

EXECUTIVE

4 JULY 2023

REVIEW OF FINANCIAL PERFORMANCE 2022/23

STATEMENT FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

On 29 June 2023 the Overview and Scrutiny Management Board unanimously agreed to support the recommendations to the Executive.

As part of the Board's consideration of this item, the following information was confirmed:

- In response to the existence of observable trends in expenditure and the awareness of relevance to such government announcements, Officers explained that the inflation impact and the education travel budget continued to be of concern. A contingency around the first has been retained and a contingency was introduced specific to education travel. Budgets for 2024/25 were anticipated to be static, whereas foresight indicated that budgets would continue being under pressure in the 2025/26 period. Therefore, scenario planning was a core activity. Assurance was provided that the Board would receive further information as part of the process for setting the budgets for the next financial year.
- Relevant to the Fairer Funding Review, it was confirmed that it extended beyond the current government period; potential funding reductions were being factored into that, along with challenges experienced around inflation and interest rates which had an impact on government borrowing. Officers provided assurances that careful planning was employed as a measure of securing the Council's future position beyond the next financial year. The Leader of the Council added that pressures were covered by contingencies; these were being built into next year's base budget, acknowledging that further information on additional funding was anticipated around the same time as budgets were being set. It was also noted that any underspend was put forward to the Council in September 2023 for decision on how that may be used/allocated. In the interim, funds remained under *development funding*, until further notice.
- In relation to underspend and how that affected totals when moved across different pots of funding, Officers explained that when budgets were set, overall pressures were considered for decisions such as around allocation, council tax and services funding to be made. Money set aside to contingencies allowed for addressing additional costs (e.g., pay award due to additional inflation on education travel); otherwise, funds were being allocated and spent elsewhere which posed a potential threat to the Council's ability to deal with unexpected pressures.
- Relevant to settlement agreements, Officers clarified that they had received indications of what the settlement would be for 2024/25, but this was likely to be followed by savings and potential austerity measures in subsequent years. The settlement was expected in December 2023, following which a new spending review period would be entered into under the remit of the new government.

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