

COUNCIL

23 February 2022

Update to the Budget 2022-23 and Medium-Term Financial Plan 2022-26 Report

Report of Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

1. Purpose of Report

The purpose of this report is to update Members with matters relating to the Budget 2022-23 which have arisen following publication of the report which was presented to the all-Member Corporate Services and Economic Growth Overview and Scrutiny Committee on 7 February 2022 and then Cabinet on 8 February 2022.

2. Recommendations

Members are recommended to:

- i) Note that the Final Local Government Finance Settlement 2022-23 has now been received and the figures within Appendix 1 of the Budget 2022-23 and Medium-Term Financial Plan report, which was presented to Corporate Services and Economic Growth Overview and Scrutiny Committee on 7 February 2022 and Cabinet on 8 February 2022 have been updated to reflect the changes in the 2022-23 Budget.**
- ii) Note the amendments to the report and appendices outlined in Section 5.**
- iii) Approve the amended and additional recommendations outlined in Section 6 of this report.**

3. Final Settlement

The Final Settlement figures were received from the Department for Levelling Up, Housing and Communities on 7 February 2022. There was one minor change to the figures, increasing the non-recurrent Lower Tier Service Grant by £0.010 million, from £0.451 million to £0.461 million. This revision has been reflected within Appendix 1 (attached), which now replaces Appendix 1 of the Budget 2022-23 and Medium-Term Financial Plan report, which was presented to Corporate Services and Economic Growth Overview and Scrutiny Committee on 7 February 2022 and Cabinet on 8 February 2022.

4. Discretionary Housing Payments

In line with Government guidance the Council is proposing to increase Council house rents by 4.10% for 2022-23. At this point in time the Council is not aware of the increases which may be imposed by private landlords or housing associations in Northumberland but expects that increases of a similar nature will take place.

Each year the Council receives a grant allocation from the Department for Work and Pensions (DWP) in order that it can make Discretionary Housing Payments to tenants within Northumberland. In 2021-22 the Council's allocation was £0.558 million. Confirmation of the 2022-23 allocation has not yet been received. However, it is expected to be of a similar value.

The Discretionary Financial Assistance Regulations 2001 (SI 2001 No.1167) gives powers to local authorities to award Discretionary Housing Payments (DHP) to provide financial assistance to benefit customers where they need help with their housing costs.

Housing costs are not defined in the regulations but in general, housing costs means rental liability. However, housing costs can be interpreted more widely to include:

- rent in advance
- deposits
- other lump sum costs associated with a housing need such as removal costs. DHP are not payments of benefit and if made will be in addition to Housing Benefit awards. The legislation gives a broad discretion, but decisions must always be made fairly, reasonably, and consistently.

The general features of the scheme are as follows:

- the amount the Council can contribute towards these costs is cash limited by the Government.
- the scheme is purely discretionary; a customer does not have a statutory right to a payment.
- It is for the Council to determine how the scheme operates.

The Council recognises that the proposed increase in rents if agreed, along with other cost of living increases will in some circumstances create a financial hardship for some residents living in Northumberland. In order to mitigate this the Council is proposing that a sum of money equivalent to the DHP allocation from the DWP is set aside from the current year's revenue budget underspend (in an earmarked reserve) and added to the DWP's DHP allocation, so that any resident experiencing hardship as a result of a rent increase can apply for assistance with their rental costs.

In the case of Council tenants any award will be credited to their rent account. In the case of private and housing association tenants the award will be paid by the existing method used to pay their housing benefit. The award may on occasion be paid direct to the housing association or private landlord.

All applications will be assessed in line with the Council's Discretionary Housing Payments Policy.

5. Changes to the Budget Report and Appendices

To reflect the Final Settlement figures, latest Council Tax calculations, and updated requirements from Members a number of appendices have been amended and are attached to this report; superseding those shown in the Budget 2022-23 and Medium-Term Financial Plan report, which was presented to Corporate Services and Economic Growth Overview and Scrutiny Committee on 7 February 2022 and Cabinet on 8 February 2022. They are as follows:

Appendix 1 - Budget 2022-23 and Medium-Term Financial Plan 2022-26 (page 43)

Appendix 3 – Schedule of Reserves and Provisions 2022-26 (page 48)

Appendix 11 – Budget by Service Area 2022-23 (page 75)

Appendix 14 – Capital Programme 2022-23 to 2025-26 (pages 90-94)

6. Recommendations

The main budget report recommendations 12, 18, 22, 43 and 44 have been updated to reflect the changes outlined in this report. There are also new recommendations regarding Discretionary Housing Payments (51 to 53) for Members to consider. The recommendations are as follows:

Recommendation

12. Note the estimated receipt of non-recurrent Lower Tier Services Grant of £0.461 million in 2022-23.
18. Approve a 1.00% increase in Council Tax for 2022-23 for use on Adult Social Care services; raising an additional £2.118 million to support the Budget 2022-23, and

note the assumed increase included in the MTFP of 1.00% for 2023-24 and 2024-25.

22. Approve:

(a) the net contributions to the Strategic Management Reserve of £1.596 million in 2022-23 and note the proposed contributions from reserves of £10.217 million in 2023-24, £15.496 million in 2024-25 and £2.954 million in 2025-26, comprising:

- non-recurrent pressures of £3.338 million for 2022-23, and note the non-recurrent pressures totalling £2.834 million in 2023-24; £0.409 million in 2024-25 and £0.909 million in 2025-26 (as detailed within Appendix 8 excluding the Transformation Programme),
- the Active Northumberland Management fee of up to £1.000 million in 2022-23, and note the Active Northumberland Management fee of up to £1.000 million in 2023-24,
- delayed receipt of investment income of £1.025 million in 2022-23; and note that delayed receipt of investment income of £0.513 million is forecast for 2023-24 and that interest of £0.398 million will be repaid into the reserve in 2024-25 and 2025-26 in this respect,
- revenue contribution to capital (RCCO) of £12.231 million in 2024-25 and £2.442 million in 2025-26 for the Schools' Development Programme,
- contribution to the reserve of £6.959 million in 2022-23 and note the subsequent proposed use of £5.870 million in 2023-24, £3.254 million in 2024-25, and £0.001 million in 2025-26 in order to balance the budget.

(b) the use of the Severe Weather Reserve of £2.500 million in 2022-23, to fund the RCCO for the Todstead Landslip project, and,

(c) the use of the Contain Outbreak Management Reserve of £0.132 million in 2022-23, to fund the RCCO for the Multi Use Vehicles.

43. Approve the delegation of the detail of the final Local Transport Programme and any subsequent in-year amendments to the Executive Director responsible for Local Services and the Cabinet Member for Environmental and Local Services.

44. Approve the delegation of the detail of the capital allocation for highways maintenance investment in U and C roads and footpaths to the Executive Director responsible for Local Services and the Cabinet Member for Environmental and Local Services.

51. Agree that the Council will match the Discretionary Housing Payment grant allocation from the DWP.
52. Agree that there will be a recommendation included in the Provisional Outturn Report setting aside funding equivalent to the 2022-23 DHP grant allocation (once known) from the DWP in an earmarked reserve from the 2021-22 revenue budget underspend.
53. Note that a report on scheme progress will be made to Cabinet after the scheme has been in operation for six months.

IMPLICATIONS ARISING OUT OF THE REPORT

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| Policy: | This is the first year of the MTFP 2022-26. The plan supports the priorities outlined in the Corporate Plan. |
| Finance and value for money: | The financial implications for the 2022-23 budget and the MTFP are detailed within this report and the report presented to 7 February Corporate Services and Economic Growth Overview and Scrutiny Committee and 8 February 2022 Cabinet meetings. |
| Legal: | <p>The Council has a statutory responsibility to set a balanced budget for 2022-23. It also has a fiduciary duty not to waste public resources.</p> <p>Local authorities can use their own funds to top up the government contribution they receive for Discretionary Housing Payments. The legislation which specifies the overall limit on this expenditure is Article 7 of the Discretionary Housing Payment (Grants) Order 2001 (S.I. 2001/2340).</p> |
| Human Resources: | There are no human resources implications within this report. |
| Property: | There are no property implications within this report. |
| Equalities: (Impact Assessment attached) | There is already an EIA in existence in relation to the Discretionary Housing Payments Policy which has not been changed as a result of this report. The Revenues & Benefits Manager can supply this on request. |
| No | |
| Risk Assessment: | The risks associated with the budget proposals are regarded as acceptable, but these risks will continue to be reviewed up to and including implementation of the detailed proposals. |
| Carbon Reduction: | There are no carbon reduction implications within this report. |
| Crime & Disorder: | There are no crime and disorder implications within this report. |
| Customer Considerations: | The individual budget proposals will carefully consider the impact upon both customers and residents of Northumberland. |

Consultation: Leader of the Council.

Wards: All wards.

BACKGROUND PAPERS:

The reports mentioned below have been to all three meetings:

| Date | Report to | Report |
|------------------|--|---|
| 7 February | Corporate Services & Economic Growth OSC | Budget 2022-23 and Medium-Term Financial Plan 2022-26 |
| 8 February | Cabinet | Approval of Revenues & Benefits Policies - Appendix 4 – NCC |
| 23 February 2021 | Full Council | Discretionary Housing Payments Policy 2022 |

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

| | Name |
|---|-------------------|
| Interim Monitoring Officer | Suki Binjal |
| Interim Executive Director of Finance & Section 151 Officer | Jan Willis |
| Relevant Executive Director | Jan Willis |
| Chief Executive | Daljit Lally |
| Portfolio Holder | Richard Wearmouth |

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