

<b>TITLE</b>	<b>Chief Finance Officer's Report</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 27 January 2022
<b>WARD</b>	None specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance and Housing - John Kaiser

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive and CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The CFO report highlights the strong financial management the Council. It also outlines the major financial issues facing the Council in the medium-term period, which without the Council taking a commercial approach could increase the reliance on council tax income as well as impact on the future delivery of Council services.

## **RECOMMENDATION**

The Executive is asked to:

- 1) note the Chief Finance Officer (CFO) report and the issues contained within, including the local government finance settlement and the sections on key risks, and that they consider these when setting the council tax for 2022/23 and agreeing the Council's medium term financial plan (MTFP);
- 2) support the Council's response to the local government finance settlement as set out in Appendix two to the report.
- 3) support the Council's ongoing representations for fairer funding for the residents of Wokingham Borough Council.

## **EXECUTIVE SUMMARY**

The Local Government Act 2003 requires the Chief Financial Officer (Deputy Chief Executive) to report to Members as part of the budget setting process. A major influence on the budget is the local government finance settlement. It is important to note that the current finance settlement is for **one year only**. A 3 year funding settlement was expected but only a 1 year settlement was announced, leaving considerable uncertainty over the Council's funding from 2023/24 onwards. Wokingham still face major uncertainty on future funding levels and await the outcome from the delayed Government's comprehensive spending review.

The report identifies some of the most significant financial risks faced by the Council. These include increases in clients' care costs, increasing demand in children services,

forward funding of the Council's investment ambitions (particularly the Strategic Development Locations (SDLs), and Town Centre Regeneration (investment in property assets for regeneration) and supporting the economic recovery from Covid-19.

### **Impact of Covid -19**

The financial impact of Covid-19 has been felt significantly over the past two financial years but its effects will undoubtedly flow into future years. All areas of the Council's finances (Revenue, Capital, DSG, HRA) are impacted by the pandemic, some to a greater extent than others. The Council's Revenue Account has been most significantly impacted but, with careful budget management and Government support the Revenue Monitoring indicates that the Council will close down with only a small net expenditure variance to budget. Although there is provision for the financial effects of Covid-19 in 2022/23, a close monitoring of the position will continue in the same way as 2021/22.

## BACKGROUND

The Local Government Act 2003 requires the Chief Finance Officer (Deputy Chief Executive and CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report outlines the major financial issues facing the Council.

The Chief Financial Officer's report contains issues, risks and strategic considerations in respect of revenue and capital. Key issues are also highlighted in the report.

The provisional local government finance settlement was released on 16 December 2021, outlining Wokingham's funding levels for 2022/23. A response to the consultation on the settlement has been prepared and is attached as appendix two. The final settlement will be ratified by Parliament in February.

### Corporate Implications

The Medium Term Financial Plan covers both the revenue and capital budgets required to deliver the priorities of the Council over the next three years. The proposed net revenue budget for 2022/23 is approximately £145m (excluding depreciation) (£132m in 2021/22).

The Council needs to set a balanced budget in the context of this. The budget requirements for 2023/24 and 2024/25 are also shown in the plan as indicative figures only.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See MTFP	Yes	Revenue and Capital
Next Financial Year (Year 2)	See MTFP	Yes	Revenue and Capital
Following Financial Year (Year 3)	See MTFP	Yes	Revenue and Capital

#### Other Financial Information

Included in the MTFP

#### Stakeholder Considerations and Consultation

The budget setting process starts early in the previous financial year with a focus on areas which require budget growth to meet growing demands and areas which can deliver savings through efficiencies and additional income generation. A budget submission process is undertaken to ensure budget bids can be challenged in the context of the Councils aims and objectives. To enhance transparency and budget setting engagement this year's process (similar to last year) has included consultation

with the Community and Corporate Overview and Scrutiny Committee (CCOSC). Information provided at CCOSC is also available to the Public.

**Public Sector Equality Duty**  
Public Sector Equality Duty was considered throughout the budget bid process.

**Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***  
The MTFP sets out the Councils planned investment to support Climate Change.

**List of Background Papers**  
CFO Section for Medium Term Financial Plan  
Appendix Two – WBC Consultation response letter to draft settlement

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