

AA1

EXTRACT

THE CABINET

MEETING, 6TH FEBRUARY, 2023

Councillor Cox	Leader's Portfolio
Councillor Mrs. Fairclough	Deputy Leader's Portfolio
Councillor Haslam	Highways and Transport
Councillor Dean	Stronger Communities
Councillor Muslim	Environmental Service Delivery
Councillor Baines	Wellbeing
Councillor Galloway	Children's Services
Councillor Hewitt	Strategic Housing and Planning
Councillor Warren	Regeneration

Other Members in Attendance

Councillor Walsh
Councillor Peel
Councillor Mrs. Thomas
Councillor Donaghy
Councillor Haworth
Councillor Hayes
Councillor Sanders
Councillor Grant
Councillor Heslop

Officers

Ms. S. Johnson	Chief Executive
Ms. H. Gorman	Borough Solicitor
Mr. J. Dyson	Director of Place
Mr. L. Fallows	Director of Corporate Resources

AA2

Mr. P. Rimmer	Assistant Director Revenues, Benefits and Customer Services
Mr. T. Glennon	Borough Treasurer
Mr. M. Kane	Head of Policy, Performance and Partnerships
Mrs. V. Ridge	Democratic Services Manager

Apologies for absence were submitted on behalf of Councillors Eckersley-Fallon and Morgan.

Councillor Cox in the Chair.

17. MINUTES

The minutes of the proceedings of the meeting of the Cabinet held on 12th December, 2022 were circulated and signed as a correct record.

18. MINUTES OF THE MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY

The minutes of the meeting of the Greater Manchester Combined Authority held on 16th December, 2022 were submitted for information.

Resolved – That the minutes be noted.

20. BUDGET REPORT 2023-2024

The Borough Treasurer submitted a report which provided members with the following:-

- The consolidation of service budgets to provide the Council's overall 2023/2024 budget;
- Options to inform Council Tax setting for 2023/2024; and
- The Financial Arrangements account for 2023/2024.

Members were informed that the Local Government Settlement for 2023/2024 was a one-year settlement with broad guidance

AA3

on government intentions for 2024/2025 but no confirmation of actual local government funding from 2024/2025 onwards. The key points to note for the 2023/2024 settlement were detailed in the report.

In terms of the savings programme for 2023-2024, members were advised that given the considerable financial uncertainty, both nationally and locally, it was proposed that a one-year budget be presented to Council for approval in February, 2023 and this would comprise of the use of £10 million reserves to balance the budget which would mean that unachieved savings would be rolled forward into the 2024/2025 budget cycle.

In addition, to achieve a balanced budget it was proposed to include savings targets of £5.2 million, however, there was scope to reduce this requirement as a result of agreement with the Council's NHS partners. Due to the strength of partnership and commitment to valuing social care, the Locality partnership had agreed to make a contribution of £937,000 towards Health and Social Care activities for 2023/2024. As a result, the following changes to the savings targets were proposed as follows:-

Directorate	Original Allocation	Less NHS Contribution	Revised Allocation
	£'000	£'000	£'000
Adults and Housing	1,840	(260)	1,580
Children's	1,188	(200)	988
Public Health	477	(477)	0
Place	924		924
Corporate	771		771
Total	5,200	(937)	4,263

The report also outlined a number of pressures which impacted on the current financial year and 2023/2024.

Members were also reminded that the Council has had to find significant savings over the last ten years which totalled around almost £220 million by the end of 2022/2023 with a further £4.3 million to be found in 2023/2024. It was also stated that

beyond 2022/2023 there were some key funding issues yet to be confirmed which could impact further on the Council which were as follows:-

- Fair Funding Review (FFR) – as part of the 2016/2017 finance settlement it was announced that there would be an FFR of authorities' funding needs, initially to be implemented in 2019/2020. This was subsequently deferred by one year to 2020/2021 and the Brexit debate pushed this further back to 2021/2022. However, the Covid-19 pandemic had pushed this back further to 2023/2024 and the expectation was that 2025/2026 was now the earliest date of implementation; and
- Business Rates – the government had announced that from 2023 business rates retention would be 49%, 1% of this being passed to the Fire Authority and 50% to central government. However, this had also now been deferred to 2024/2025 at the earliest. Furthermore, the business rates reset initially intended to be implemented in 2021/2022 had also been deferred until at least 2025/2026. As a result this made forecasting business rates beyond 2023/2024 extremely difficult to do. In addition, it was not possible to project what the council could receive in some form of re-distributed grant from any potentially available funds.

The report also provided an updated expenditure forecast for 2022/2023 and 2023/2024. This forecast was based on the assumption that Council Tax would increase by 2.00% for Adult Social Care and 1.99% for the general levy for 2023/2024. It was explained that the level of Council Tax would be determined by the Council at its meeting on 15th February, 2023 following a recommendation from the Cabinet.

In terms of reserves, the council estimated its reserves balance to be £158 million at the end of 2022/2023 excluding the DSG and Collection Fund balances and details of this were provided in the report. Appendix E to the report also provided some information of the implications of not holding these reserves.

AA5

Currently it was estimated that available balances as at 31st March, 2023 would be £10.66 million and the Borough Treasurer's recommended, as a minimum, balances of £10 million or higher should be maintained based upon his understanding of the risks and financial issues facing the Council over the next three years and the proposals around the budget, as identified in the report.

The individual parish precepts were also detailed in the report and as required by the Local Government Finance Act 1982 these needed to be added to Bolton's budget requirement.

With regard to the Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services), it was explained that this was set by the Greater Manchester Combined Authority. The proposed increases in the Mayoral Precepts, which were still to be confirmed, were as follows:-

- For the Mayoral General (including Fire Services) a £5/4.86% increase; and
- £15/6.57% increase for the Mayoral Police and Crime Commissioner Precept.

It was stated that should the final decisions of the Greater Manchester Combined Authority be different, this would be reported to members at the meeting.

With regard to Business Rates, whilst the Council was part of the Greater Manchester 100% pilot, it should be noted that the Government determined the rates to be collected and had set these at 49.9p in the pound for small businesses and 51.2p in the pound for larger businesses.

In terms of setting the Council Tax, it was explained that based upon the Adult Social Care precept being set at 2.00% for 2023/2024 plus a 1.99% general levy increase for Council Tax for Bolton Council for 2023/2024 (i.e. excluding Parish and Mayoral precepts) this was the equivalent to an additional 83p per week for Band A properties which were more than 40% of the overall tax base. A Draft Substantive Council Tax Resolution was set out in Appendix H to the report.

The relevant Equality Impact Assessment had been undertaken and was detailed in Appendix I to the report.

The Leader of the Council also advised members that, since consultation on the budget proposals had commenced, the Authority had received an additional £1 million one-off funds for 2023/2024 from the Greater Manchester Combined Authority. Consequently, it was proposed that £500,000 of this be allocated for environmental improvements and public safety schemes. This left £500,000 unallocated and it was proposed that members of the opposition groups could put forward proposals as to how they would like this to be spent which would be considered by Council at its meeting on 15th February, 2023.

Resolved – That the Cabinet recommend to Council:-

- (i) The budget for 2023/2024 as set out in the Budget Report.**
- (ii) That £500,000 be allocated for environmental improvements and public safety schemes and that the allocation of the remaining £500,000 be considered at Council following the submission of proposals by the opposition groups.**
- (iii) That the Council Tax for 2023/2024 be increased by 3.99% represented by a 2.00% increase for Adult Social Care and a 1.99% general increase.**
- (iv) That the Council Tax figures included in the report for the Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services) are the recommended provisional amounts pending their formal approval.**

21. CORPORATE CAPITAL AND ONE-OFF FUNDING 2023-2026

The Borough Treasurer submitted a report that proposed a Capital Strategy, Corporate Capital and Revenue Programme, a Minimum Revenue Provision (MRP) Policy and Capital Prudential Indicators for the next three years.

Members were advised that from 2019/2020 CIPFA's Prudential Code required local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions were taken in line with service objectives and took account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy was a key document for the Council and formed part of the authority's integrated revenue, capital and balance sheet planning. It provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services and provided an overview of how associated risk was managed and the implications for future financial sustainability. It also included an overview of the governance processes for approval and monitoring of capital expenditure. Appendix 1 to the report detailed the Capital Strategy for 2023-2026.

Members were advised that the significant reductions in the Council's revenue budget had meant that the maximisation of capital funding had become a vital part of ensuring the Council could continue to pursue its key objectives. In recent years, capital monies had been allocated to support the strategic road network across the Borough and to enable the developments in the town centre. The current funding position for 2022-2023 onwards was as follows:-

	Current Capital Programme 2022-2026
	£m
Corporate Supported Borrowing	47.0
Corporate Revenue	4.7
Corporate Capital Receipts	8.0
Service Supported Borrowing	0
Service Revenue	18.3
Government Grants	149.0
Other Contributions	4.8
Total	231.8

AA8

As part of the appraisal of the capital programme the proposals had been assessed for their anticipated impact on the Council's VAT recovery position.

Full VAT recovery was only permitted where less than 5% of VAT recovered related to activities which were exempt from VAT (largely land transactions, paid for education, markets and cremation). Where the 5% limit was exceeded no VAT recovery on VAT exempt activity was permitted unless the 7 year average was below 5%.

Members were advised that if the proposed programme was approved the exempt input tax proportion was estimated as follows:-

	%
2022/2023	3.86
2023/2024	4.61
2024/2025	3.32
2025/2026	2.85

The detailed calculations were set out in Appendix 3 to the report. The 7 year average was 3.59% and was therefore within the HMRC limits.

The Local Authorities (Capital Finance and Accounting) Regulations 2008 required the basis on which the Minimum Revenue Provision (MRP) was calculated for future years to be approved by Council. This was the amount Councils were required to set aside for debt repayment each year.

The report also provided details in relation to Capital Prudential Indicators.

Resolved – That, subject to Council's approval:-

- (i) The Capital Strategy for 2023/2026 as set out in Appendix 1 to the report be approved.**

- (ii) **The Corporate Capital and Revenue Programme for 2023-2026, as set out in Appendix 2 to the report, be approved.**
- (iii) **The Minimum Revenue Provision policy as set out in section 5 of the report be approved.**
- (iv) **The Capital Prudential Indicators as set out in Section 6 of the report be approved.**

22. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES FOR 2023/2024 TO 2026/2027

The Borough Treasurer submitted a report that outlined the Council's prudential indicators for 2023/2024 to 2026/2027 and set out the expected treasury operations for this period.

The report fulfilled two key legislative requirements:-

- a) The treasury management strategy statement which set out how the Council's treasury service would support the capital programme, the day to day treasury management and the limitations on activity through treasury prudential indicators; and
- b) The investment strategy which set out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy was in accordance with the CLG Investment Guidance.

Resolved – That, subject to the approval of Council, the Treasury Management Strategy 2023/2024 to 2026/2027 and the treasury limits on activity contained within this report; the Authorised Limit Prudential Indicator and the Investment Strategy 2023/2024 contained in the treasury management strategy be approved.