

AA1

EXTRACT

THE CABINET

MEETING, 7TH FEBRUARY, 2022

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 Morgan	Adult Social Care
Councillor Baines	Wellbeing
Councillor Galloway	Children's Services
Councillor Hewitt	Strategic Housing and Planning

Other Members in Attendance

Councillor Radcliffe
Councillor Walsh
Councillor Peel
Councillor Jiva (as deputy
for Councillor Zaman)
Councillor Donaghy
Councillor Haworth
Councillor Hayes
Councillor Sanders
Councillor Brady

Officers

Mr. T. Oakman	Chief Executive
Ms. S. Johnson	Deputy Chief Executive
Dr. H. Lowey	Director of Public Health

AA2

Ms. H. Gorman	Borough Solicitor
Mr. T. Powell	Head of Audit and Risk Management
Mr. T. Glennon	Head of Finance - Corporate
Mrs. V. Ridge	Democratic Services Manager

Apologies for absence were submitted on behalf of Councillors Allen, Connor, Eckersley-Fallon, Warren and Zaman.

Councillor Cox in the Chair.

26. MINUTES

The minutes of the proceedings of the meeting of the Cabinet held on 10th January, 2022 were circulated and signed as a correct record.

27. BUDGET REPORT 2022-2023

The Deputy Chief Executive submitted a report which provided members with the following:-

- The consolidation of service budgets to provide the Council's overall 2022/2023 budget;
- Options to inform Council Tax setting for 2022/2023; and
- The Financial Arrangements account for 2022/2023.

Members were reminded that, at the Council budget meeting on 8th February, 2021, a two-year budget was prepared covering the financial years 2021/2022 and 2022/2023 which included a savings target of £36.5 million, £31.6m in 2021/2022 and £4.9 million in 2022/2023, in order to set balanced budgets.

It was stated that the local government settlement for 2022/2023 was a one-year settlement with no indication of local government funding from 2023/2024 onwards. However, it was announced that next years would be a three-year

AA3

settlement and the key points to note for the 2022/2023 settlement were detailed in the report.

In terms of the savings programme for 2021-2023, members were informed that the additional funding allocations received in Children's and Adults Social Care had provided the opportunity for some of the original savings requirements in those areas to be reduced. As a result, the following changes to the savings targets were proposed, viz:-

Savings and Efficiencies £'000s	Adults	Children's
Transformation of Older Adults and Learning Disability Day Care	965	
Review of staffing in the Adults portfolio	820	
Review of Intermediate Tier provision	500	
Review of all contracts and grants	29	
Review of delivery model of Integrated Equipment Stores	87	
Review of Housing Services – protection of homeless and vulnerable people	130	
Review of staffing within the commissioning and support services		100
Review of resources within staying safe		1,000
Total Grant for S&E	2,531	1,100
Grant towards Fees	369	
Total	2,900	1,100

Furthermore, of the current 2021-2023 savings programme, almost 70% had now been achieved and details of this were provided in the report.

The report also outlined a number of pressures which impacted on the current financial year and 2022/2023.

Members were also reminded that the Council has had to find significant savings over the last ten years which totalled around almost £225 million by the end of 2022/2023. It was also

stated that beyond 2021/2022 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 Covi-19 pandemic had now pushed this back further to 2023/2024; 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 been deferred to 2023/2024. Furthermore, the business rates reset initially intended to be implemented in 2021/2022 had also been deferred until at least 2023/2024. As a result this made forecasting business rates beyond 2022/2023 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.

In terms of Manchester Airport, members were advised that the Airport trading had started to pick up in the Autumn of 2021 as restrictions were relaxed, but then subsequently worsened as a result of the Omicron variant. There was no intention to pay a dividend in 2022/2023 and loan interest continued to be accrued until payments resume.

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 1.13% for Adult Social Care and 1.99% for the general levy for 2022/2023. It was explained that the level of Council Tax would be determined by the Council at its meeting on 16th February, 2022 following a recommendation from the Cabinet.

In terms of reserves, the council estimated its reserves balance to be £145 million at the end of 2021/2022 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.

Currently it was estimated that available balances as at 31st March, 2022 would be £10.66 million and the Deputy Chief Executive recommended, as a minimum, balances of £10 million or higher should be maintained based upon her 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 £12/13.2% increase; and
- £10/4.6% 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 1.13% for 2022/2023 plus a 1.99% general levy increase for Council Tax for Bolton Council for 2022/2023 (i.e. excluding Parish and Mayoral precepts) this was the equivalent to an additional 63p

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.

Resolved – That the Cabinet recommend to Council:-

- (i) The budget for 2022/2023 as set out in the Budget Report.**
- (ii) That the Council Tax for 2022/2023 be increased by 3.12% represented by a 1.13% increase for Adult Social Care and a 1.99% general increase.**
- (iii) 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.**

**28. CORPORATE CAPITAL AND ONE-OFF FUNDING
2022-2025**

The Deputy Chief Executive 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 2022-2025.

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 2021-2022 onwards was as follows:-

	Current Capital Programme 2021-2025
	£m
Corporate Supported Borrowing	51.2
Corporate Revenue	9.4
Corporate Capital Receipts	8.6
Service Supported Borrowing	0
Service Revenue	19.4
Government Grants	120.8
Other Contributions	3.0
Total	212.4

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:-

	%
--	---

AA8

2020/2021	2.96
2021/2022	2.44
2022/2023	2.70
2023/2024	2.86

The detailed calculations were set out in Appendix 3 to the report. The 7 year average was 3.20% and was therefore within the HMRC limit.

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 2022/2025 as set out in Appendix 1 to the report be approved.**
- (ii) The Corporate Programme (Capital and Revenue one-off schemes) for 2022-2025, 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.**

29. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES FOR 2022/2023 TO 2025/2026

The Deputy Chief Executive submitted a report that outlined the Council's prudential indicators for 2022/2023 to 2025/2026 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 2022/2023 to 2025/2026 and the treasury limits on activity contained within this report; the Authorised Limit Prudential Indicator and the Investment Strategy 2022/2023 contained in the treasury management strategy be approved.