

SETTING THE BUDGET 2021/22

Item CB 21/19 referred from Cabinet of 11 February 2021

Further to the reports to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, the joint report of the Chief Executive, Director of Finance and Transformation, the Leader and Cabinet Member for Finance, Innovation and Property updated the Cabinet on issues relating to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2021/22.

In addition, the budget setting process for this year had to incorporate the difficult task of estimating the scale of the impact of the Covid-19 pandemic on the Borough Council's finances both in the short and medium term.

Members noted that, as at the time of publishing the report the final settlement had not been confirmed, all figures contained in the report were based on the provisional local government finance settlement received in December 2020. The Director of Finance and Transformation advised that it was now confirmed that the final local government finance settlement was the same as the figures previously announced. The Settlement Funding Assessment (SFA) was for one year only (2021/22) and the Fair Funding Review had been deferred for a further year.

It was also noted that the settlement figures included funding in 2021/22 for 'negative RSG'; New Homes Bonus legacy payments and funding allocation and a one off Lower Tier Services grant allocation.

Attention was drawn to recommendations from Advisory Boards and the decision of the Licensing and Appeals Committee regarding the levels of fees and charges to be implemented from 1 April 2021 (as set out at Annex 2 to the report).

The report then described the remaining procedure to be followed in setting the budget for 2021/22 and calculating the council tax. For the purposes of updating the MTFS a council tax increase of £5 in 2021/22 had been assumed and for each year thereafter.

The Cabinet deliberated on the most appropriate guidance to offer the Council as the way forward for updating the MTFS for the next ten year period and setting the council tax for 2021/22. Members were advised of details of special expenses for the same period.

An updated copy of the Savings and Transformation Strategy was presented, including revised outline targets and timescales to be revisited and aligned with the latest projected 'funding gap'. Members were also reminded that the funding gap set out in the report assumed that all the recommendations made by Advisory Boards and Committees, as summarised in paragraph 1.9.22 of the report, were delivered. If for

whatever reason these were found not to be deliverable, the funding gap and therefore the savings and transformation target would increase.

The Cabinet Member for Finance, Innovation and Property referred to the 'essential spend only' policy adopted by the Borough Council during the coronavirus pandemic and proposed that this good practice continued into 2021/22 until well into the recovery phase post Covid 19. This continuation would not have specific targets attached; but would be expected to deliver measurable savings in the period. This proposal was supported by the Cabinet.

Finally, the Director of Finance and Transformation explained the basis on which the statement as to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the required savings and transformation contributions based on latest projections of £975,000 would be deliverable.

In closing the Cabinet recorded appreciation to the Director of Finance and Transformation and Financial Services for the significant contribution in preparing the budget during a challenging period and for the ongoing support provided to residents, communities and businesses.

RECOMMENDED: That

- (1) the Revenue Estimates, as presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, together with the subsequent adjustments detailed at paragraph 1.4.2 be endorsed and adopted by the Council;
- (2) the fees and charges as recommended by the appropriate Advisory Boards, set out at Annex 2, be endorsed (Decision Notices D210020CAB to D210026CAB);
- (3) the Capital Plan be updated, as set out in paragraph 1.6.15, and adopted by the Council;
- (4) the Capital Strategy, as presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, be endorsed and adopted by the Council;
- (5) the prudential indicators listed in paragraphs 1.7.7 and 1.7.12 be endorsed and adopted by the Council;
- (6) subject to the comment at paragraph 1.7.11 of the report, for the financial year 2021/22 the Borough Council's 'annual minimum revenue provision' as set out at paragraph 1.7.15, be noted as 'nil';
- (7) the updated MTFs, set out at Annex 11a, be noted and endorsed;

- (8) the guidance to the Council as to the best way forward in updating the MTFS for the next ten year period and setting the Council Tax for 2021/22 be noted and endorsed;
- (9) the updated Savings and Transformation Strategy, attached at Annex 11b, including the proposed scale and timing of each of the required savings and transformation contributions, as set out at paragraph 1.10.7 be noted and endorsed;
- (10) the list of Covid-19 funding allocations , as set out at Annex 11c, that had been granted during 2020/21 to support both the Borough Council's own services, and awarded to businesses, organisations and individuals be noted;
- (11) the good practice of 'essential spend only' should continue into 2021/22 until well into the recovery phase post Covid 19. This continuation to not have specific targets attached but would be expected to deliver measurable savings in the period;
- (12) the special expenses calculated in accordance with the Special Expenses Scheme and set out at Annex 14b, be endorsed; and
- (13) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves, as set at Annex 17a, be noted and endorsed.

***Referred to Council**