

BUDGET SETTING 2021/22

Council - 17 November 2020

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Also considered by: Cabinet - 5 November 2020

Key Decision: No

Executive Summary:

The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities ten years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the eleventh year this method has been used and provides the Council with a stable basis for future years.

The 2021/22 Budget Setting process has been more challenging than recent years due to the ongoing financial impact of the COVID-19 pandemic. The process has also been shortened to enable savings to be implemented prior to April 2022.

This report sets out the proposed budget for 2021/22. The Council Tax for 2021/22 will be set at the Council meeting on 23 February 2021

Based on the changes detailed in this report, **this Council will once again have a balanced 10-year budget.**

The report proposes a net expenditure budget of £16.879m in 2021/22 (£15.581m in 2020/21).

Portfolio Holder: Cllr. Matthew Dickins

Contact Officers: Adrian Rowbotham, Ext 7153, Alan Mitchell, Ext 7483

Recommendation to Cabinet:

- (a) Consider and respond to comments and recommendations of the Advisory Committees regarding the growth and savings/additional income proposals (SCIAs) listed in Appendix D and detailed in Appendix E.
- (b) Look at the further growth and savings/additional income suggestions put forward by the Advisory Committees listed in Appendix F and decide one of the following options for each suggestion:
 - (i) Support the suggestion and request that it is incorporated into the current budget cycle.
 - (ii) Ask that the Portfolio Holder has further discussions with the Chief Officer.
 - (iii) Do not take any further.
- (c) If recommendations (a) and/or (b) above result in changes to the 10-year budget, propose further changes that will result in a balanced 10-year budget position.
- (d) That recommendations (a) to (d) below be recommended to Council.

Recommendation to Council:

- (a) The Summary of Council Expenditure and Council Tax for 2021/22 set out in Appendix G be approved.
- (b) Approve the 10-year budget 2021/22 to 2030/31 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report, including the growth and savings proposals set out in Appendix D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve.
- (c) Approve the Capital Programme 2021/24 and funding method set out in Appendix H(i) and Capital Strategy 2021/22 set out in Appendix H(iii).
- (d) Approve the changes to reserves and provisions set out in Appendix J.

Introduction and Background

- 1 The Council's financial strategy over the past sixteen years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back-office function;

- improving value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 4 With the Revenue Support Grant provided by Government ceasing from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
- continuing to deliver financial savings and service efficiencies;
 - growing the council tax base; and
 - generating more income.
- 5 At the Cabinet meeting on 17 September 2020, Members considered a report setting out the Council's financial prospects for 2021/22 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2021/22 and beyond.
- 6 At the above meeting, Cabinet agreed to shorten the budget process this year so that the Council's budget is set at the November Council meeting instead of the February Council meeting. This should enable any changes to be implemented earlier and the period of uncertainty for staff minimised. The budget timetable is set out in **Appendix A**.
- 7 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between October and November, which set out a summary of current and future challenges and risks. The Advisory Committees recommended new growth and savings items which are being considered at the Cabinet meeting on 5 November 2020.
- 8 A Budget Update report was presented to Cabinet on 15 October 2020.

Financial Self-Sufficiency

- 9 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The

current Council Plan aims to continue with this approach. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.

- 10 This approach was adopted in response to the financial challenges the Country was faced with in bringing its public spending down to ensure it was able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council receiving no Revenue Support Grant from 2017/18.
- 11 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 12 The Council's decision to seek to become financially self-sufficient was subject to scrutiny by the Local Government Associations Peer Challenge of the District Council during December 2013. In their closing letter to the Council they concluded that they 'fully support that aspiration and given the existing and anticipated squeeze upon public finances this makes much sense'.
- 13 With the Council receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and support for the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve an income yield of 3%+ above the Council's average treasury management return (currently 0.5%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 2.6% for 30 years) when externally borrowing, based on an average over ten years. Therefore, using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.
- 14 Cabinet are keen to remain financially self-sufficient which has served the Council well and ensured it is one of the most financially stable local authorities in the country. Last year a new target was set to replace reliance on Business Rates income over the coming years. However, due to the impact of Covid-19 and the greater uncertainty as Government reviews have been deferred, this will not be addressed during this budget process but remains a future aim. This ambition will allow this Council to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents need into the future.

Covid-19 Impact

- 15 There is no doubt that nationally, local government has played a critical role in dealing with Covid-19, which, despite some support from the government, has left local authorities in very difficult financial positions. At Sevenoaks,

Members were keen at the outset to ensure that we did everything in our powers to support our communities and businesses. Based on the feedback, this has clearly been the right strategy as we have been able to cushion the impact for those affected.

- 16 Setting an early budget will assist further in facing our challenges with a Covid-19 environment, it will also place the Council in a much stronger position for both the medium and longer term.
- 17 A Covid-19 Financial Impact report was presented to Finance & Investment Advisory Committee (FIAC) and Cabinet in July.
- 18 This report highlighted the financial impact in 2019/20 and expected impact in 2020/21. Cabinet approved that the Council should address the financial impact of the Covid-19 response and recovery through the thorough 10-year budget setting process. This will enable Members to continue to make decisions in a structured way with the long-term requirements of the district in mind.
- 19 The 2020/21 financial position remains uncertain and regular Financial Results reports are continuing to be presented to FIAC and Cabinet. The position regarding Government support continues to evolve. Any remaining unfavourable variance in 2020/21 is due to be funded from the Budget Stabilisation Reserve following the review of reserves which is included at **Appendix J**.
- 20 Specific Covid-19 financial impacts affecting the 10-year budget period are listed in **Appendix D** with further details below:
- 21 ***Council Tax Collection Fund deficit in 2020/21*** - the latest forecast shows a collection rate of 97.6% (revised from 96.2% in September) instead of the 99.4% assumption. A deficit is normally recovered in the following year, but the Government has announced that any deficit in 2020/21 can be spread over the following three years instead. The Sevenoaks District Council proportion of the forecast deficit is £204,000.
- 22 ***Council Tax Collection rate reductions 2021/22 and 2022/23*** - the previous collection rate assumption for all years was 99.4%. The assumption for 2021/22 will reduce to 97.9% and 2022/23 will reduce to 98.4%. These changes impact the 10-year budget by £296,000.
- 23 ***Reduced income: Car Parking*** - this income stream continues to be affected by people changing their working practices and shopping habits. It is currently forecast that car parking income will be 25% below budgeted levels in 2021/22 with the position improving by 5% each year. The impact on the 10-year budget is forecast to be £3.08m.
- 24 ***Reduced income: Licensing*** - the demand for licences has reduced during the pandemic and it is forecast that this will continue to affect income levels by £15,000 in 2021/22 before returning to normal levels.

- 25 **Interest Receipts** - as mentioned above, the Council's reserves will be re-prioritised and some used to fund the unfunded 2020/21 Covid-19 financial impact and also support the 10-year budget position. This will result in a lower amount being available to invest and therefore interest receipts are expected to reduce. The previous assumptions for interest receipts was £300,000 per annum but this has now been reduced to £188,000.
- 26 **Covid-secure workplace**- increased cleaning of offices and vehicles as well as providing additional PPE, has been required to ensure the Council has a Covid-secure workplace.. It is expected that this will continue to a certain extent going forward to ensure that the council supports the staff to carry out their duties. £18,000 per year is currently included for this.
- 27 **IT costs relating to working from home and new starters** - to maintain a Covid-secure workplace the capacity of the Councils offices has been reduced to a maximum of 80 people. Throughout the pandemic, and until Government guidance on Covid-secure measures changes, a substantial number of staff are required to work from home on a regular basis. It is expected that this will continue in to 2021. Some additional IT equipment is required to enable this to happen effectively and £5,000 per year is currently included for this.

Updates on Assumptions

- 28 **Government Support: Revenue Support Grant (RSG)** (£nil received in 2020/21) - This formula-based grant has significantly reduced since 2010/11 as the emphasis of Government Support has changed, in fact this council received no RSG in 2017/18 and is not expected to receive any in future years. The attached 10-year budget assumes no RSG, if any amounts are received in future years, they will be put into the Financial Plan Reserve to support the 10-year budget including 'invest to save' initiatives and support for the Property Investment Strategy.
- 29 Negative RSG (i.e. where councils pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 30 **New Homes Bonus (NHB)** (£0.6m received in 2020/21 but not used to fund the revenue budget) - the Government started this new funding stream in 2011/12 from funds top sliced from RSG with the intention that local authorities would be rewarded for new homes being built over a six-year period. The basis of NHB was changed with effect from 2017/18. Previously it was based on cumulative figures for 6 years, but this was reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB is only received on tax base growth above 0.4% instead of on all growth (known as the deadweight).
- 31 In the same way as RSG, the attached 10-year budget assumes no NHB resulting in there being no reliance on this funding source to support the revenue budget. Any funding received will be put into the Financial Plan Reserve for the same purpose as noted above.

- 32 It is expected that NHB will soon end.
- 33 **Council Tax** (£11.3m) - the Provisional Local Government Finance Settlement has not yet been announced. It is expected to include the Council Tax referendum limit for 2021/22. The referendum limit for 2020/21 was set at an increase of 2% or £5 for a Band D property if higher (2.3% for SDC).
- 34 The current 10-year budget assumes an increase of 2% and would result in Band D Council Tax increasing from £219.96 to £224.36. If the referendum limit is set at the same level as 2020/21, the following potential increase would be possible but there is currently no suggestion from Government as to what the referendum limit might be.

| 2021/22 Council Tax | Current Assumption | Potential Assumption |
|------------------------|--------------------|----------------------|
| % increase | 2.00% | 2.30% |
| £ increase (Band D pa) | £4.40 | £4.95 |
| £ (Band D pa) | £224.36 | £224.91 |

- 35 Due to the uncertainty of future Council Tax increase referendum limits, if maximum increases are not taken there will be an ongoing detrimental impact on the ability to increase Council Tax in future years.
- 36 It is recommended that the 2021/22 Council Tax is increased by the maximum referendum limit with any amount above the 2% currently assumed to be placed in the Budget Stabilisation Reserve to support the ongoing financial sustainability of the Council
- 37 The Council Tax Base is currently assumed to increase from 51,207.88 (based on a 99.4% collection rate) to 51,218.33 (based on a 97.9% collection rate). The actual Council Tax Base and other tax setting issues will be reported to Cabinet in January and Council in February. If the actual tax base is lower than assumed, the financial impact will be offset by a Council Tax increase above 2% if allowable. If the actual tax base is higher than assumed, the extra income will be placed in the Budget Stabilisation Reserve.
- 38 The tax base increases each year due to the general increase in the number of residential properties and future developments as well as the continuing work to check the validity of Council Tax discounts awarded. The assumption going forward reflects the increases achieved in recent years and the ongoing work. The increased tax base results in additional Council Tax income which is assumed to be greater than the incremental cost of servicing the additional properties although it should be recognised that there are likely to be step changes in costs for some services in the future

such as refuse collection. The Local Plan may also affect future Council Tax assumptions.

- 39 **Business Rates Retention** (£2.2m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However, tariffs and top-ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts. This Council was originally due to collect £39m of Business Rates in 2020/21 but due to the grants and discounts offered by Government to businesses as part of the COVID-19 pandemic, this has reduced to £22m.
- 40 A Business Rates Pool operates in Kent and Medway which generally results in councils retaining more Business Rates than if they were not in the pool. To maximise the benefit of the pool across the county, this council and others are not part of the pool but benefit as if they were in the pool.
- 41 Due to the large number of business rates appeals being outstanding with the Valuation Office Agency (VOA) and the limited opportunities to increase the number of businesses in the district, the assumption in the 10-year budget remains at the safety-net level, which is the amount of business rates the council is assured of retaining in the current scheme if it were not in a pool.
- 42 Due to the COVID-19 pandemic, the Government has delayed carrying out the 'Fair Funding Review' and 'Business Rates Retention Reform'. There is a risk that this council may no longer retain any Business Rates in the future. This would result in a funding gap that would need to be replaced by additional income or further savings.
- 43 **Interest receipts** (£0.3m) - Returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the Council's Investment Strategy taking a low risk approach. Whilst returns exceeded Budget last year, inflation continues to outpace investment returns, leading to the gradual erosion of capital in real terms.
- 44 The interest receipt assumption has been reduced from £300,000 to £188,000 per annum to reflect the lower amounts available to invest and the downward direction of interest rates.
- 45 The Treasury Management Strategy is continuing to be reviewed with a different risk approach anticipated. A separate report on the Strategy will be presented to FIAC and Cabinet.
- 46 **Property Investment Strategy** - The strategy was approved by Council on 22 July 2014 with the intention of building on an approach of property-based investment in order to deliver increased revenue income. This was set against a background of reducing Government Support and continued low rates of return through existing treasury management arrangements.

- 47 To date six assets have been purchased or built by the Council and four by Quercus 7 at a cost of £31m. Therefore £20m of the £50m approved by Council remains unspent.
- 48 The income assumptions have not been amended this year as a Property Investment Strategy Update report will be presented to FIAC in January, then Cabinet and Council in February which will provide details on the investments to date and assumptions going forward.
- 49 **Pay costs** (£16.6m) - Discussions between the National Employers for Local Government Services and the unions regarding the national pay award for 2020/21 concluded with an increase of 2.75% being agreed which was above the 2% increase assumed in the previous 10-year budget.
- 50 Discussions on the 2021/22 pay award have not yet commenced.
- 51 The assumption in the attached 10-year budget is a 2% increase in all years.
- 52 The Council's latest Council Plan was launched in 2018. In order to ensure the effective delivery of the Council Plan, some services are being redesigned so that they are better aligned to customer needs and with a much stronger emphasis on wrapping services around the customer.
- 53 In order to achieve this, the Customer Solutions Centre is in operation. The Customer Solutions Centre is resourced with a wider skill set in order to deal with more interactions at first point of contact and in parallel more effective processing is being investigated. It is anticipated that the cost of these changes will continue to be met within approved budgets and therefore a SCIA has not been proposed.
- 54 Having identified the scale of the financial challenge facing the Council in setting a balanced budget early in this year, and having considered the likely impact on how customers' needs of the Council are likely to change following Covid-19 the Chief Executive has been undertaking a review of the organisational structure.
- 55 The review is seeking to contribute sizeable financial savings towards addressing the budget gap, with a focus on managerial level roles so as to not impact frontline staff or non-pay resources available for the delivery of services. Although the financial gap is one factor in bringing forward this review, the structure must also be sufficiently lean and agile to address the future challenges the Council may face. These include, but are not limited to, new and emerging service pressures, protecting the organisational culture and service levels to customers, and increased economic hardship for local businesses, voluntary and charity groups, and residents.
- 56 **Superannuation fund** - the last pension fund triennial valuation, which was the fourth by the actuaries Barnett Waddingham, took place in November 2019.

- 57 The funding level increased from 75.5% to 86.6% since the previous valuation in 2016 and the deficit recovery period for the fund has reduced from 17 years to 13 years. The 10-year budget includes the contribution amounts set by the actuaries up to 2022/23 and includes an additional £100,000 from 2023/24 when the next triennial valuation will come into effect.
- 58 **Non-pay costs** - The budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs often rise at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at 0.5% (CPI) and 1.1% RPI (as at September 2020).
- 59 **Annual Savings** - an annual New Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.
- 60 **Exiting the EU** - The Council continues to closely monitor the potential implications on the District and is engaged in contingency planning arrangements co-ordinated by the Kent Resilience Forum.

Collection Fund Surplus/Deficit Calculation

- 61 Rules governing the operation of the collection fund require the Council to make an estimate on 15 January (or the next working day) each year of the fund's likely surplus or deficit at the end of the current financial year, in respect of council tax transactions. The amount so estimated is to be shared between the District Council, County Council, Fire and Police in proportion to their precepts on the collection fund. Each authority's share is to be taken into account by the authority in calculating its council tax for the year following the year in which the surplus or deficit has been estimated.
- 62 The Collection Fund position will be included in the Council Tax Setting report to Cabinet and Council in February.

Current Budget Position

- 63 The 10-year budget (**Appendix B**) shows a fully funded 10-year position. By continuing to use the 10-year budget strategy, this council remains in a strong position going forward.
- 64 **Appendix D** shows the changes in the 10-year Budget since it was last approved by Council in February 2020.
- 65 **Progress on the savings plan** - 2021/22 is the eleventh year of using the 10-year budget. Prior to the current budget setting process, 171 savings items have been identified totalling £7.7m. The majority of these savings have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.

- 66 **Changes since the 10-year budget started** - The table below shows how the Net Service Expenditure has changed since 2010/11. This shows that the budget has reduced by £4.8m (29%) in real terms.

| Net Service Expenditure | £000 |
|---|-------------|
| 2010/11 (budget) | 16,711 |
| 2020/21 (2010/11 budget +2% inflation per year) | 20,371 |
| 2020/21 (budget) | 15,581 |
| Difference | 4,790 |

Capital Programme

- 67 A report setting out the proposed 2021/24 Capital Programme, with supporting documentation in a standard format for individual scheme bids was presented to the Finance and Investment Advisory Committee (FIAC) on 21 October 2020.
- 68 Scheme bid documents were received for all new schemes which included the proposed funding methods.
- 69 Unspent budgets in the current year's programme (2020/21) can be carried forward to 2021/22, subject to Cabinet approval, when the outturn is known.
- 70 **Appendix H(i)** summarises the position if all schemes are approved and indicates the funding method proposed. **Appendix H(ii)** contains the bids for each capital scheme.
- 71 The Capital Strategy 2021/22 was also presented to FIAC and is included at **Appendix H(iii)**.
- 72 Council will be informed at the meeting of any changes recommended by Cabinet. Council are requested to approve the 2021/24 Capital Programme and the Capital Strategy 2021/22.

Integration with other budget reports on the Cabinet Agenda

- 73 Separate reports on the Treasury Management Strategy and Property Investment Strategy will be presented to Cabinet and Council.
- 74 The attached revenue budgets take into account the recommendations and revenue implications set out in the Capital Programme.

Opinion under Section 25 of the Local Government Act 2003 (LGA 2003)

- 75 Under the LGA 2003 the Statutory Finance Officer (Deputy Chief Executive and Chief Officer - Finance and Trading) is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.
- 76 In terms of the robustness of the budget, the following sources of assurance were taken into account:
- The Strategic Business and Financial Planning process used for the 2021/22 budget.
 - The Financial Strategy, including a 10-year Budget, clear financial objectives and sensitivity analysis.
 - Growth and savings suggestions proposed.
 - The strong financial control structure and effective performance management within the Council, confirmed by feedback from external auditors.
 - Clear budget responsibilities at individual officer level.
 - Effective monitoring regime giving early notification of potential financial issues through the use of the Finance and Investment Advisory Committee.
 - Effective Internal/External audit system, with risk-based audits, reporting through the Audit Committee.
 - Set aside of earmarked funds for potential liabilities in the medium term.
 - Effective strategic and operational risk management.
- 77 The budget complies with the principles and standards within the CIPFA (Chartered Institute of Public Finance and Accountancy) Financial Management Code.
- 78 As is the case every year, inevitably there are a number of risk factors within the 2021/22 budget proposals; these are set out in some detail in **Appendix K**. This Appendix was also considered by the Finance and Investment Advisory Committee on 21 October 2020. Some of the more significant items are set out below.

a) Pay costs

Pay costs are budgeted on 100% basis, with a 2% inflationary pay award assumption in 2021/22 included and with a separate vacancy saving target. With controls over the appointment of any staff and monitoring of staff numbers as well as costs, pay costs are subject to a high level of control. However, the national pay award for 2021/22 has not yet been agreed.

b) Income

In-depth monitoring of income budgets will continue throughout the year and will be given regular consideration by the Finance and Investment Advisory Committee. This includes considering the current and potential impact of the COVID-19 pandemic on certain income streams.

c) Pensions funding

The next actuarial valuation will take effect from 2023/24 and an increase assumption has been included in the 10-year budget from then.

d) Retained Business Rates

The Government intends to review how business rates income is distributed but the timeline keeps being put back therefore it remains uncertain what the impact on this Council will be.

e) COVID-19

There remains uncertainty around the ongoing impacts of COVID-19 on the Council, but the proposed budget takes into account the information currently available.

f) Investments

The Treasury Management Strategy will be kept under review and brought back to Members for consideration as necessary during the year. The proposed Strategy for 2021/22 will be reported separately.

g) Capital investment

Property Investment Strategy income is included in the 10-year budget. Members are assured that any property acquisitions will be supported by a thorough business case and approved by the relevant Portfolio Holders.

h) Changes in service demand

The 10-year budget has no allowance for growth until 2027/28 as it is anticipated that where possible this will be met through additional savings or the Budget Stabilisation Reserve.

- 79 Members will recognise that budget risk cannot be avoided completely. However, the structures already in place and the actions being put in place should ensure that next year's overall revenue spend figure is achieved, particularly through the Council's flexible approach to budgeting allowing the risk areas to be compensated by those that are underspent or over achieve on income.

Adequacy of Reserves

- 80 Ensuring the adequacy and sustainability of the Council's reserves continues to be a key part of the budget process. Individual balances have been reviewed as part of writing this report and the detailed work is set out in **Appendix J**. This review should ensure that all provisions and earmarked reserves are adequate for their purposes.
- 81 It is recommended that the Council hold a minimum General Fund reserve balance of 10% of its net Revenue Budget, for emergencies.
- 82 The strong formal advice of the Deputy Chief Executive and Chief Officer - Finance and Trading to the Council is that every effort must be made to achieve the agreed savings in order to ensure financial sustainability and preserve the level of reserves for future commitments. The Council should avoid the General Fund Reserve balance reducing below 10% of its Net Service Expenditure (for 2021/22 this equates to £1.7m).
- 83 At the time of writing this report, the Deputy Chief Executive and Chief Officer - Finance and Trading (Section 151 officer) was satisfied with the robustness of the estimates and adequacy of reserves.

Council Tax Setting report to Cabinet and Council in February 2021

- 84 Due to the shorter budget setting process and earlier budget approval as agreed by Cabinet, a separate Council Tax Setting report will be presented to Cabinet and Council in February 2021.
- 85 This report will include the following:
- 10-year Budget (Balance Sheet)
 - Summary of service analysis in Budget Book format
 - Analysis of pay costs
 - Local Council Tax Reduction Scheme 2021/22
 - Latest information on precepting authorities (only in Council report)

- Town and Parish Council precepts and council tax rates (only in Council report)
- Council tax setting recommendations (only in Council report)
- Council tax rates across the district (only in Council report)

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered. The budget risk analysis is included as **Appendix K**.

Current and future challenges together with risks were included in the Service Dashboards presented to the Advisory Committees and each Service Change Impact Assessment (SCIA) included the likely impacts including a risk analysis.

An effective integrated policy and priority driven long-term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future changes to Business Rates Retention. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

The Council has in place a number of specific reserves and provisions to address identified risks.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from

different groups, and (iii) foster good relations between people from different groups.

Individual equalities assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision-making process is fair and transparent.

Community Impact and Outcomes

In making any budget proposals, Members need to consider the impact on customers, service quality and staff well-being, to ensure that the budget supports the Council's aspirations for customer-focused services.

Conclusions

The budget process has been more challenging than usual for a council that already provides value for money services to a high standard. The 10-year budget shows a fully funded position over the whole period which keeps this council in a strong position going forward.

The future financial prospects for the public sector remain difficult however, this budget ensures the Council remains in a financially sustainable position.

Appendices

Appendix A - Budget timetable

Appendix B - 10-year budget - Revenue

Appendix C - Summary of the Council's agreed savings and growth items

Appendix D - Summary of changes to the 10-year Budget

Appendix E - Service Change Impact Assessment forms (SCIAs) for the new growth and savings/additional income items **(Cabinet only)**

Appendix F - Further growth and savings suggestions made by the Advisory Committees **(Cabinet only)**

Appendix G - Summary of Council Expenditure and Council Tax

Appendix H (i) - Capital Programme 2021-24 (also being considered by Finance and Investment Advisory Committee on 21 October 2020)

Appendix H (ii) - Capital Programme bids (also being considered by Finance and Investment Advisory Committee on 21 October 2020)

Appendix H (iii) - Capital Strategy 2021/22

Appendix J - Reserves

Appendix K - Risk analysis (also being considered by Finance and Investment Advisory Committee on 21 October 2020)

Background Papers

Budget and Council Tax Setting 2020/21 - Cabinet 4 February 2020

Financial Prospects and Budget Strategy 2021/22 and Beyond - Cabinet 17 September 2020

Budget 2021/22: Service Dashboards and Service Change Impact Assessments (SCIAs) - [Housing and Health AC 29 September 2020](#), [People and Places AC 6 October 2020](#), [Improvement and Innovation AC 8 October 2020](#), [Cleaner and Greener AC 13 October 2020](#), [Development and Conservation Advisory Committee 20 October 2020](#), [Finance and Investment Advisory Committee 21 October 2020](#)

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading