

## **Report to Council**

**Report reference:** 2020/21  
**Date of meeting:** 25 February 2021



**Portfolio:** Finance and Economic Development – Cllr J. Philip  
**Subject:** Budget 2021/22 (including Medium-Term Financial Plan, Capital Programme and Fees & Charges).  
**Responsible Officer:** Andrew Small (07548 145665).  
**Democratic Services:** Jackie Leither (01992 564756).

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### **Recommendations/Decisions Required:**

- (1) That the draft General Fund Revenue and Housing Revenue Account budgets for 2021/22 as presented in *Appendix A* be approved (pages 83-111).
- (2) That the General Fund and Housing Revenue Account Capital programmes for 2021/22 to 2025/26 presented in *Appendix B* be approved (Pages 113-120).
- (3) That the updated General Fund Medium-Term Financial Plan for 2021/22 to 2025/26 presented in *Appendix A* be approved (pages 83-111).
- (4) That the proposed Fees and Charges for 2021/22, including an average rent increase of 1.5% on Council Dwellings, presented in *Appendix C* be approved (pages 121-147).
- (5) That the Section 151 Officer's report – in accordance with Section 25 of the Local Government Act 2003 – on the robustness of the estimates for the purposes of the Council's 2021/22 budgets and the adequacy of the reserves, presented in *Appendix D* be noted (pages 149-154); and
- (6) That the Section 151 Officer's recommendation to retain a minimum £4.0 million contingency balance in the Council's General Fund Reserve for the duration of the adopted Medium-Term Financial Plan be approved.

### **1. Executive Summary**

- 1.1 The detailed budget exercise for 2021/22 began in November 2020 with the adoption of the updated Medium-Term Financial Plan (MTFP) 2021/22 to 2025/26 by Cabinet. The MTFP set the framework for developing draft 2021/22 budget proposals for the General Fund and identified a residual budget gap of £2.1, after the application of £1.0 million of the Council's contingency reserves, that needed to be eliminated before a balanced budget for 2021/22 could be achieved.

- 1.2 Officers then prepared initial draft budgets for 2021/22, reaching a balanced position for presentation to Cabinet on 22nd December 2020. An outline Housing Revenue Account (HRA) budget for 2021/22 was also presented at the same meeting. The draft proposals were approved, subject to the elimination of a further General Fund deficit triggered by the announcement of the provisional Local Government Finance Settlement for 2021/22 (announced after the Cabinet report was published, but before the meeting was held)
- 1.3 The draft budget proposals presented to Cabinet in December 2020 – both General Fund and HRA – were scrutinised by the Stronger Select Committee on 19th January 2021. Officers also updated the Committee on the outcome of the provisional Local Government Finance Settlement for 2021/22 and the further budget pressure that it created.
- 1.4 Further detailed work was then completed on the budgets, with the General Fund ‘re-balanced’ and an initially proposed Council Tax increase removed (introducing a ‘Council Tax Freeze’ for 2021/22). The updated revenue budget proposals for both the General Fund and the HRA were considered, and recommended for approval by Council, by the Cabinet on 11th February 2021.
- 1.5 Alongside the proposed revenue budgets, the Cabinet also considered, and recommended for approval by Council, an updated Medium-Term Financial Plan for 2021/22 to 2025/26 and draft Capital proposals for 2021/22 to 2025/26. Cabinet also considered, and recommended for approval by Council, proposed Fees and Charges for 2021/22, including a 1.5% average rent increase on Council dwellings.
- 1.6 This report presents for Council consideration and approval, the final budget proposals for 2021/22 as follows:
  - **Appendix A** – the General Fund Revenue and Housing Revenue Account budgets for 2021/22, and the updated General Fund Medium-Term Financial Plan 2021/22 to 2025/26 recommended for Council approval by Cabinet. The General Fund proposals comprise Net Expenditure of £16.69 million and include a contribution from the Council’s contingency reserves of £1.35 million and a Council Tax freeze. The HRA proposals include Net Income from Services of £8.47 million and maintain a minimum contingency balance of £2.0 million in the HRA reserve.
  - **Appendix B** – the General Fund and HRA Capital programmes for 2021/22 to 2025/26 recommended for Council approval by Cabinet. The General Fund Programme comprises capital investment of £94.82 million over the five-year period. The HRA Capital Programme comprises capital investment of £172.15 million over the five-year period; and
  - **Appendix C** – the General Fund and HRA Fees and Charges for 2021/22 recommended for Council approval by Cabinet. The proposals include a freeze in Car Parking charges and an average 1.5% rent increase for Council Dwellings.
- 1.7 In addition, the Council’s Section 151 Officer has a duty under Section 25 of the Local Government Act to report on the robustness of the budget estimates and the adequacy of the Council’s proposed financial reserves. Members attention is therefore drawn to the comments made in **Appendix D**, which is for consideration and noting.

1.8 Turning specifically to the contingency reserves held by the Council, extant professional guidance in the form of the recommended principles contained in “*LAAP Bulletin 99: Local Authority Reserves and Balances (issued July 2014)*” are followed. On that basis, taking account of the strategic, operational and financial risks facing the Council, the maintenance of a £4.0 million minimum contingency balance of unallocated reserves in the General Fund Reserve is recommended. This is an underlying assumption in the Council’s updated Medium-Term Financial Plan 2021/22 to 2025/26.

## **2. Resource Implications**

2.1 There are significant resource implications, which are covered in detail in the report.

## **3. Legal and Governance Implications**

3.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report sets out a recommended budget for 20221/22 which fully meets the legal requirements.

## **4. Safer, Cleaner and Greener Implications**

4.1 None.

## **5. Consultation Undertaken**

5.1 The preparation of the 2021/22 budget proposals, including the recommended Council Tax increase has been the subject of extensive scrutiny and consultation. The Cabinet – at its meeting held on 11th February 2021 – considered comments on the budget proposals, made by the Stronger Council Select Committee at its meeting held on 19th January 2021.