

Report to the Cabinet

Report reference: C-051-2020/21
Date of meeting: 22 December 2020



Portfolio: Finance and Economic Development – Cllr J. Philip

Subject: Draft Budget Proposals 2021/22

Responsible Officer: Andrew Small (07548 145665).

Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) To consider the attached draft budget proposals and suggest amendments considered necessary; and
- (2) To request the Stronger Council Select Committee to consider the draft budget proposals, and the emerging Medium-Term Financial Plan, and make comments to Cabinet for their consideration.

1. Executive Summary

- 1.1. The attached report sets out for Cabinet's consideration, draft Budget proposals for 2021/22, for the Council's General Fund. The proposals have been developed within the framework set by the Medium-Term Term Financial Plan (MTFP) adopted by Cabinet on 16th November 2020.
- 1.2. Emerging draft proposals for the Council's Housing Revenue Account (HRA) budget for 2021/22 are also presented for consideration, following the recent completion of a review of the latest HRA position against the Council's adopted 30-Year Business Plan.
- 1.3. If approved by Cabinet, subject to any proposed amendments, the report will proceed for consideration by the Stronger Council Select Committee on 19th January 2021, before returning to Cabinet. Once Cabinet has considered the views of the Stronger Council Select Committee, and the budget has been updated for the latest developments, the final Budget proposals and an updated MTFP will be submitted to Council in February.
- 1.4. The Budget development process is exceptional this year, in that Covid-19 is having, and will continue to have, a huge impact on many areas of the Council's income and expenditure. The impact, and continued uncertainty, is expected to continue into 2021/22 – at least during the early months – as the vaccine is rolled out, with the expected resumption of 'normality' later in 2021. This is making the preparation of robust budgets exceptionally challenging, which has meant many significant assumptions have had to be made at this stage.

- 1.5. As information continues to emerge, which helps to clarify these uncertainties, officers will continue to refine the base budget assumptions. However, this is not happening fast enough to resolve the budget in a manner consistent with the publication timetable for Epping Forest District Council's democratic meetings.
- 1.6. This means that the budget is less well developed than would normally be expected, and publication deadlines are being squeezed in order to get greater certainty, to ensure a reasonable trade-off between refinement and the need for meaningful scrutiny.
- 1.7. Like the environment in which it is being set, the budget development process also needs to be dynamic this year in order to produce the most robust result for 2021/22, and to provide the Council with a budget which it can safely operate within.
- 1.8. Consequentially, in order to provide a few more days to develop the draft budget, the draft budget paper will be issued as a Supplementary paper ahead of the Cabinet meeting. Even then, it is anticipated that higher number of amendments and refinements than usual are likely to be made in February 2021 when Cabinet reconsiders its draft proposals in the light of the views of the Stronger Council Select Committee.
- 1.9. To ensure that the Stronger Council Select Committee has the best available information, the Committee will be updated on national and local changes which are likely to affect the budget proposals at its meeting on 19th January 2021.

2. Resource Implications

- 2.1. A wide range of financial implications are covered in the report, with the emphasis on how the Council can continue to fund its current net expenditure commitments, and deliver on its corporate priorities, within the anticipated level of financial resources available in 2021/22, whilst maintaining financial sustainability over the longer term.

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 highlights a potential budget deficit that needs to be eliminated prior to setting the 2021/22 budget in February 2021.

4. Safer, Cleaner and Greener Implications

- 4.1. None.

5. Consultation Undertaken

- 5.1. None.