

## **BUDGET CABINET**

**8 FEBRUARY 2021**

Present: Councillors Forward (Chair), Fitzgerald (Vice-Chair), Barnett, Batsford, Chowney, Evans, O'Callaghan and Rogers.

### **310. APOLOGIES FOR ABSENCE**

None.

### **311. DECLARATION OF INTERESTS**

None.

### **312. MINUTES OF LAST MEETING**

Minutes of the last meeting not yet available.

**RESOLVED** - the Chair called over the items on the agenda, under rule 13.3 of the council's constitution, the recommendations set out in minute numbers 313 and 315 are agreed without being called for discussion.

The Leader of the Council confirmed for the benefit of the public that those items not called for discussion at this meeting will be discussed and voted on by all Councillors at the Budget Council meeting on 17<sup>th</sup> February 2021.

### **313. CORPORATE PLAN DRAFT ANNUAL UPDATE AND DRAFT BUDGET CONSULTATION RESPONSES 2021/22**

The Managing Director submitted the draft annual update to the Council's Corporate Plan 2020-24.

The annual update reflects the changes in the context within which the Council is now working and summarises some of the key activities that will be undertaken in 2021/22.

The report also presents a summary of the feedback and responses from local consultation on the draft corporate plan annual update and draft budget.

Under rule 13.3 the recommendations of the report were agreed without being called for discussion.

#### **RESOLVED:**

**1. That Cabinet recommends to Full Council, to note and approve the draft annual update to the corporate plan 2020-24, subject to the proviso that any significant amendment made to the council's draft budget be reflected in the update.**

**2. That delegated authority be given to the Managing Director, after consultation with the Leader of the Council to make further revisions as is considered necessary, to reflect decisions made on the council's budget.**

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### **3. That all those who submitted views as part of the consultation process be thanked for their contributions.**

#### Reasons:

The council needs to approve the annual update to the corporate plan as its statement of strategic direction for the period 2020 - 2024, mindful of the views received as part of the public consultation.

#### **314. REVENUE BUDGET 2020/21 REVISED AND 2021/22, PLUS CAPITAL PROGRAMME 2021/22 - 2023/24**

The Chief Finance Officer introduced the report to present the revised revenue budget for 2020/21 and a budget for 2021/22. The revised budget for 2020/21 takes account of the known variations to expenditure and income streams that have occurred since setting the budget in February 2020.

The Covid-19 pandemic has had a significant effect on the Council's income streams and expenditure. The Capital Programme has also been impacted with delays and additional costs arising from Covid-19. The report identifies that a balanced budget can be achieved in 2021/22 although this involves using £1.483m of reserves. The forecast deficit for 2022/23 is £2.2m, in 2023/24 and 2024/25 it is estimated at £2.5m.

The Chief Finance Officer confirmed that both Council Tax and Business Rates income have been impacted and this will likely continue into next year. Government support for individuals and businesses, including the furlough scheme, has meant that many people have not had to claim for the Council Tax Reduction Scheme. However, as support winds down over the next few months an increase in the cost of the scheme can be expected in 2021/22.

Due to prudent decision making the Council has sustained adequate financial reserves to cover the forecast deficit for the next financial year whilst maintaining the agreed minimum level of reserves. Thereafter unless there is an increase in support from central government substantial savings will need to be identified.

If the recommendations are approved by Council, there will be an increase in the Borough's part of the Council Tax in 2021/22 of 1.99%.

Both the Chief Finance Officer and Leader of the Council thanked the finance team and other services for their efforts in producing the budget and identifying savings.

Councillor Chowney proposed approval of the recommendations, seconded by Councillor Forward.

#### **RESOLVED (unanimously):**

**Cabinet recommends that full Council:-**

**(i) Approve the revised revenue budget for 2020/21 (Appendix A).**

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- (ii) Approve the draft 2021/22 revenue budget (Appendix A)**
- (iii) Approve a 1.99% increase in the Borough Council's part of the Council Tax.**
- (iv) Agree that car parking charges remain frozen for 2021/22**
- (v) Agree that the absolute minimum level of reserves that shall be retained be £6m (plus General Fund Balance).**
- (vi) Approve the Capital Programme 2020/21 (revised) to 2023/24 (Appendix P).**
- (vii) Approve the proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively) and those items from other reserves shown in Appendix H that can proceed without further reference to Cabinet or Council.**
- (viii) Approve that the use of the monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the Leader of the Council.**
- (ix) Agree that the Council does not seek to undertake any capital project/scheme purely for yield that would prevent the Council from borrowing either commercially or from the PWLB.**
- (x) Approve the revised Land and Property Disposal Programme (Appendix L) and agree that disposals can be brought forward if market conditions make it sensible to do so.**
- (xi) Agree that where a Capital scheme involves a net increase in overall revenue costs to the Council, or where any guarantee is to be provided which does, or could, incur costs for the Council, such decisions continue to be made by full Council.**
- (xii) Agree that, no Council properties or land be disposed of, either by sale or long leasehold, at less than market value without further express approval by Full Council.**
- (xiii) Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.**
- (xiv) Agree that work on Priority Income and Efficiency Reviews (PIER) through the Strategic Oversight and Planning Board should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe financial pressures.**
- (xv) Approve the detailed recommendations in Appendix M, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (Appendix M – to be provided/updated for full Council).**

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**(xvi) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.**

**(xvii) Full Council adopt the existing Council Tax Support scheme subject to amendments to allowances in line with national changes. Determination of the allowances to be delegated to the Chief Finance Officer in line with prior year practice.**

### Reasons:

1. The Council must by law set a balanced budget. It will have used the remainder of its Transition Reserve along with some of the General Reserve to fund 2020/21 expenditure.
2. A major overhaul of the funding mechanism for local authorities has again been postponed and when combined with a one year Spending Review, continues to provide considerable uncertainty on funding for 2022/23 and beyond.
3. Despite identifying Priority Income and Expenditure Review (PIER) savings of £484,000 these are insufficient to balance the budget in 2021/22 without the use of General and other Reserves. Further significant savings need to be found during 2021/22 in order to reduce the call on the General Reserves, achieve a balanced budget, and ensure that reserve levels can be maintained at above the minimum recommended level.
4. The Council needs to be in a position to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels – as highlighted by the Covid-19 crisis. In the light of increased in-year spend on temporary accommodation this requires a much greater degree of service cuts elsewhere and spend within housing areas must remain under regular review.
5. The Council remains exposed to a much greater degree of volatility in terms of its income from Non Domestic Rates and expenditure in terms of Council Tax Support claims – the cost falling directly on the Council and the preceptors. The potential downside risks of Brexit and the increased reliance on income streams provide greater volatility to the Council's funding. On top of this is the impact of covid-19 and an economic downturn.
6. The government have provided additional funding for 2020/21 which has significantly helped the financial position and there are some additional measures that will assist with the 2021/22 position; These are detailed later in the report.

### **315. TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2021/22**

The Assistant Director, Financial Services and Revenues, submitted a report to consider the draft Treasury Management Strategy, Annual Investment Strategy,

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Minimum Revenue Provision (MRP) Policy and Capital Strategy and make recommendations to full Council as appropriate.

This is to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year.

The Council is expected to have some £64.69 million of debt (as at 31 March 2021), and investments which can fluctuate between £15m and £30m in the year. The level of debt is set to increase to some £92m by 2022/23.

Under rule 13.3 the recommendations of the report were agreed without being called for discussion.

### **RESOLVED:**

**Cabinet recommend to Budget Council that:**

- 1. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual Investment Strategy, and the Capital Strategy.**
- 2. The strategies listed are updated as necessary during 2021/22 in the light changing and emerging risks and the Council's evolving future expenditure plans.**
- 3. The Financial Rules and the Financial Operating Procedures of the Council are reviewed and revised as necessary to meet the requirements of the Code of Practice.**

### **Reasons:**

1. The Council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments. The Council continues to make substantial investments in commercial property, housing and energy generation initiatives, and this will continue to involve the Council in taking on additional borrowing.
2. The sums involved are significant and the assumptions made play an important part in determining the annual budget. The CIPFA Treasury Management Code of Practice (2017 Edition), adopted by the Council last year, was released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code represents best practice and helps ensure compliance with statutory requirements.
3. The Council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background of historically very low interest rates. Investments can help to close the gap in the budget in the years ahead and thus help to preserve services, assist in the regeneration of the town, provide additional housing and enhance the long-term sustainability of the town. However, over reliance

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on such income streams would involve taking unnecessary risks with the future of the Council and its ability to deliver statutory services.

(The Chair declared the meeting closed at 6.41pm)