

Meeting EXECUTIVE
Portfolio Area Resources
Date 20 JANUARY 2021



DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2021/22

KEY DECISION

Authors Clare Fletcher | 2933
Lead Officers Clare Fletcher | 2933
Contact Officer Clare Fletcher | 2933

1. PURPOSE

- 1.1 To consider the Council's draft 2021/22 General Fund Budget, Council Tax Support Scheme and draft proposals for the 2021/22 Council Tax.
- 1.2 To consider the projected 2020/21 General Fund Budget

REASON FOR URGENCY:

The General Fund Draft budget forms part of the budget and Policy framework and cannot wait until the next meeting of the Executive in February 2021.

2. RECOMMENDATIONS

- 2.1 That the 2020/21 revised net expenditure on the General Fund of £11,189,490 be approved.
- 2.2 That a draft General Fund Budget for 2021/22 of £728,360 (as adjusted for the transfer from reserves of £8,000,000 to allow for the repayment to the Collection Fund of that amount) be proposed for consultation purposes, with a contribution from balances of £380,590 and a Band D Council Tax of £220.57 (assuming a 2.32% increase).
- 2.3 That the updated position on the General Fund Medium Term Financial Strategy (MTFS), summarised in section 4.12 be noted.
- 2.4 That a minimum level of General Fund reserves of £3,650,000 in line with the 2021/22 risk assessment of balances, as shown at Appendix A to this report, be approved.

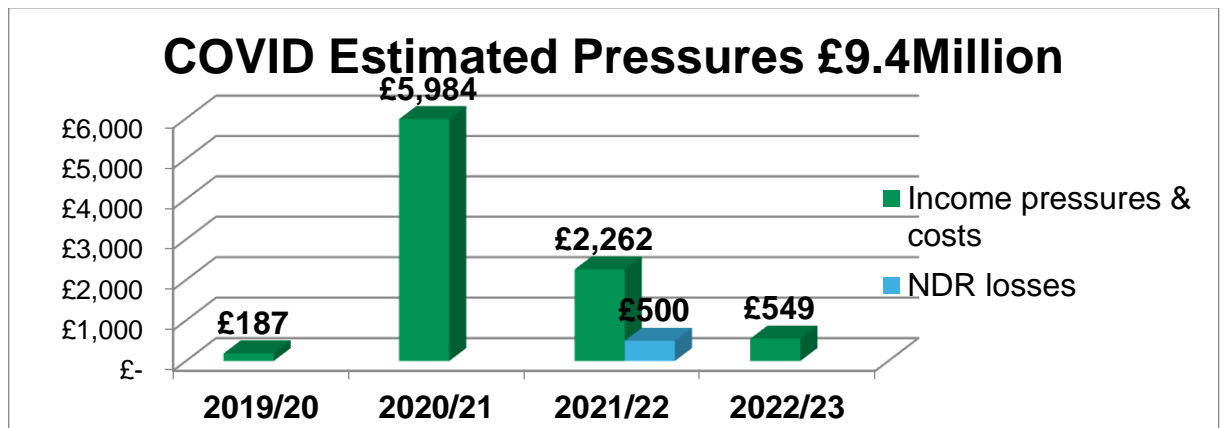
- 2.5 That the contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2021/22, (reflecting the level of balances available above the minimum amount).
- 2.6 That the 2021/22 proposed Fees and Charges increase of £131,700 be approved and (Appendix C to this report) included in the draft budget.
- 2.7 That the 2021/22 proposed Financial Security Options (General Fund share) of £1,462,182 (Appendix B to this report) be included in the draft budget for consideration by the Overview & Scrutiny Committee.
- 2.8 That the Growth bids (General Fund share) of £166,966 (Appendix D to this report) are approved in principle as set out in the report and the priority order of implementation is approved as set out in paragraph 4.3.2.
- 2.9 That the pressures of £656,540 are noted, (Appendix D to this report).
- 2.10 That the 2021/22 Council Tax Support scheme is approved as set out in section 4.8 to this report.
- 2.11 That use of New Homes Bonus be noted paragraph 4.4.4 refers.
- 2.12 That the Executive approve the revised Financial Security targets for the General Fund as set out in paragraphs 4.11.1- 4.11.2
- 2.13 That the Executive delegate the sign off of further COVID business grant schemes to the Strategic Director (CF) after consultation with the Resources Portfolio holder, paragraph 4.5.14 refers.
- 2.14 That the Executive approves the use of the additional COVID grants as set out in paragraph 4.5.9-4.5.10.
- 2.15 That the Executive request the Senior Leadership Team to identify further options totalling £500K which could be implemented if the impact of COVID and other recessionary pressures are worse than projected (paragraph 4.1.3 refers).
- 2.16 That the Executive request the Senior Leadership Team to bring forward a Productivity Focused Transformation Programme by June 2021 to set out the plan for future savings (paragraph 3.11 refers).
- 2.17 That in accordance with the Council's Budget and Policy Framework Procedure Rules, the Council be recommended to continue with the current Co-operative Corporate Plan, subject to further review in Autumn 2022, (paragraph 4.16.8-4.16.9 refers).
- 2.18 That the decisions taken on recommendations 2.2 – 2.12 above be referred to the Overview and Scrutiny Committee for consideration in accordance with the Budget and Policy Framework rules in the Council's Constitution.
- 2.19 That Members note the Equalities Impact Assessments appended to this report in Appendices E and F.

3. BACKGROUND

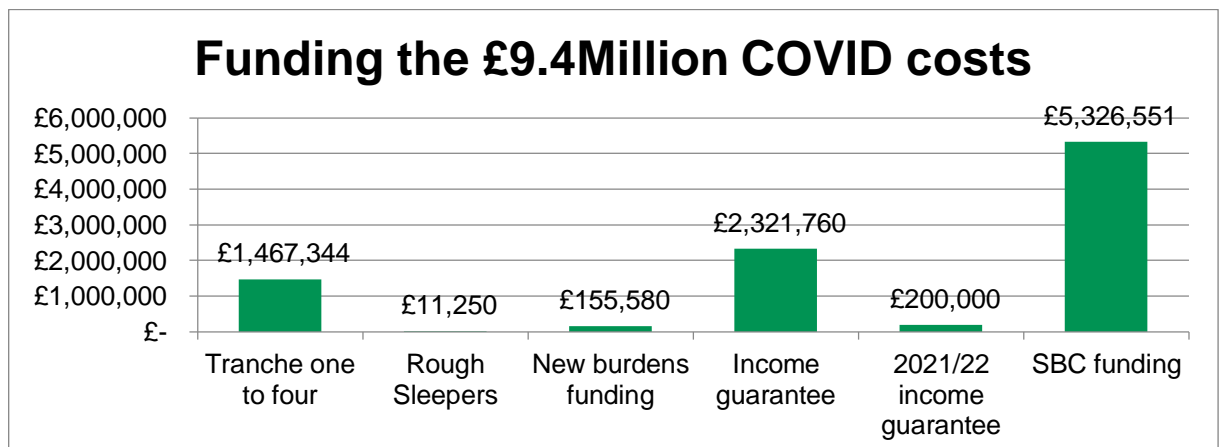
- 3.1 This report presents the Council's draft General Fund net expenditure for 2021/22 including Financial Security options, growth bids and pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme;

decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.

- 3.2 The Council's Financial Strategy (MTFS) was reported on three occasions this year. To the Executive in June, September 2020 and updated in the December 2020 Executive Financial Security report. The increased frequency of reporting has been due to the significant projected impact of COVID on the Council's finances and the need to take action in year, (as set out in the June MTFS update and as set out further in the September and December updates).
- 3.3 The projected financial impact of COVID on the Council's finances was summarised in the December 2020 Financial Security report and is set out below. At that time the projection was £9.4Million (now estimated to be £9.7Million).

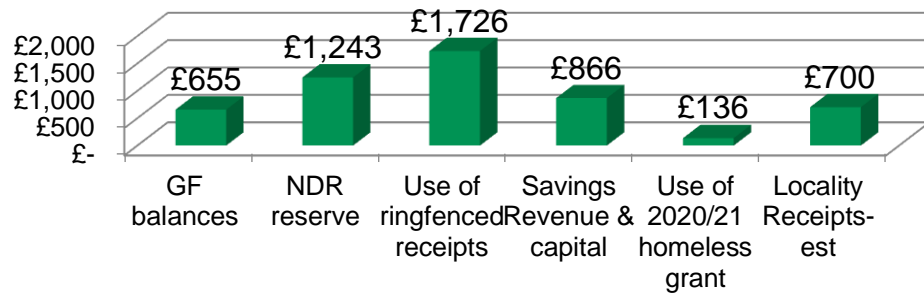


- 3.4 The COVID funding assumptions included in the report (summarised below), did not include some of the announcements from the 2020 Spending Review, as the allocations were not known at the time of writing the report, (see paragraph 3.7 below). The total COVID cost unfunded and therefore impacting on the General Fund was estimated to be a **£5.3Million or 56% of total losses**. The assumptions for 2021/22 (£2.2Million) and 2022/23 (£549K) will be dependent on how COVID impacts long term on services such as parking, commercial rents, fees and charges and homelessness.



- 3.5 Due to the projected COVID funding shortfall outlined above, a number of financial resilience measures were taken early in the financial year and included in the June Executive COVID recovery report. The table below summarises that the measures taken meant only a £655K use of General Fund balances.

SBC Covid Resources £5.3Million (£'000)



3.6 Most of the measures taken above are one off in nature (i.e. NDR reserve, use of ring-fenced receipts) and if losses are higher than estimated then new measures will need to be taken. Risk mitigation measure currently approved as part of the Financial Security Report to the December Executive were:

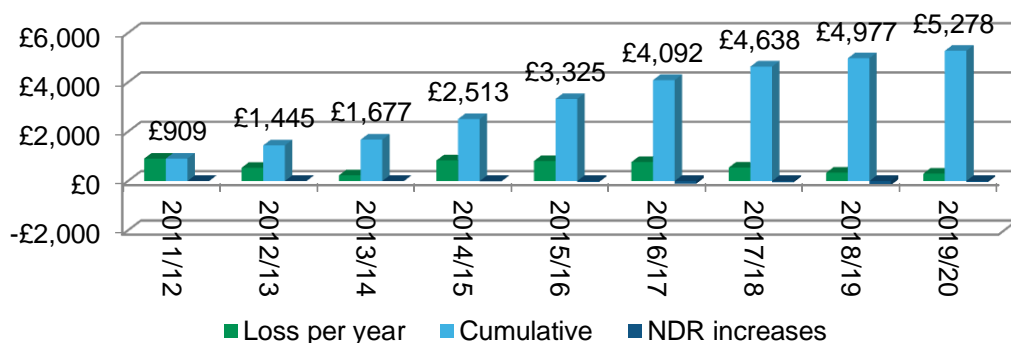
- Increase risk assessment of balances for further COVID losses £1.2Million
- Income equalisation reserve of £250K to absorb in year income losses if lower than budgeted, including fee increases for 2021/22

3.7 At the time of writing the December Financial Security report the COVID funding measures announced as part of the finance settlement but the amount for SBC not known or thought to be insignificant are listed below and an update is included in this report.

- Further COVID funding (£1.55Billion nationally)
- The council tax and business rates tax income guarantee scheme for 'irrecoverable' losses
- Funding for the increase in potential Council Tax Support Costs (£670Million nationally) to Councils

3.8 The ability to deal with the COVID 2020/21 funding gap and any potential COVID 'long tail' impacts in future years must be considered in the context of a decade of government funding cuts, which has meant most Councils including SBC have needed to have on-going Financial Security savings target to fund inflationary and service pressures along with the absorption of central government grant losses which were £5.3Million by 2019/20.

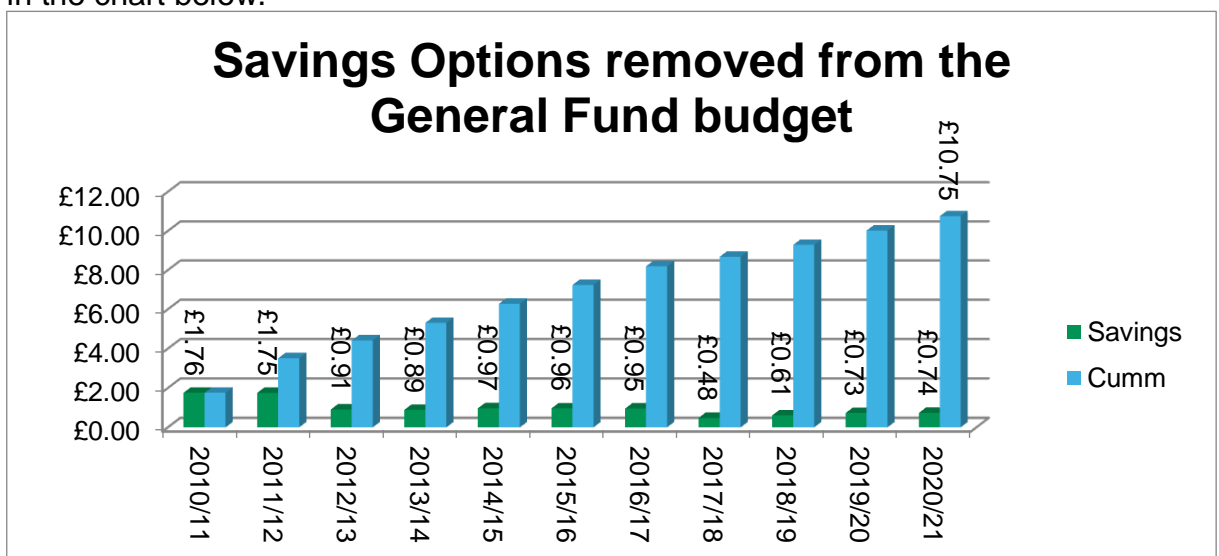
Annual Government Grant Loss



3.9 Alongside government funding reductions, the government has taken measures to curtail Councils borrowing to buy investment properties to

provide an income for the General Fund, which had been seen by many Councils' as a way of replacing lost funding or plugging funding gaps. From 26 November 2020, new restrictions were implemented which meant Councils were precluded from access to cheap Public Works Board (PWLB) funding if Capital Strategies included the purchase of Commercial Investments whether from borrowing (not just from PWLB) or other means. The Investment Strategy Fund has been deleted from the SBC Capital Strategy to allow continued use of PWLB including £50Million Housing Revenue Account borrowing for this and next year. However, the new rules also reversed the 100bsp increase announced October 2019 which will improve the viability of business cases for regeneration and other programmes.

- 3.10 The Financial Security report to the December Executive identified that an additional £100K of savings options should be included in this report to ensure General Fund balances remain above the minimum level of £3.65Million, (see section 4.1) and that the funding gap was £2.25Million for the period 2021/22-2024/25. This has been exacerbated by COVID and budget pressures that have arisen within the three year period.
- 3.11 The drive for budget reductions has been in place for the last ten years as a result of lower government funding (see paragraph 3.2), while at the same time resourcing new priorities such as regeneration, absorbing inflationary pressures and addressing other central government policy changes e.g. apprenticeship levy, national insurance increases, reductions in housing benefit administration grant and service pressures from welfare reforms. The total quantum of identified savings implemented since 2010/11 is summarised in the chart below.



The ability to keep delivering significant levels of savings has become more difficult, with annual savings levels declining. There have been new initiatives introduced such as the Council's 'Cooperative Commercial and Insourcing Strategy'. This will contribute to future years' options but cannot be solely relied on in a period where income streams are vulnerable to recessionary impacts. Similarly there is an ongoing need to improve productivity and secure efficiencies by transforming how we work, in part also to ensure that the new Cooperative Working model is fully embedded. The alternative to using these methods is to make service reductions and due to the challenge for 2021/22 in a limited way this has been unavoidable in order to set a balanced budget.

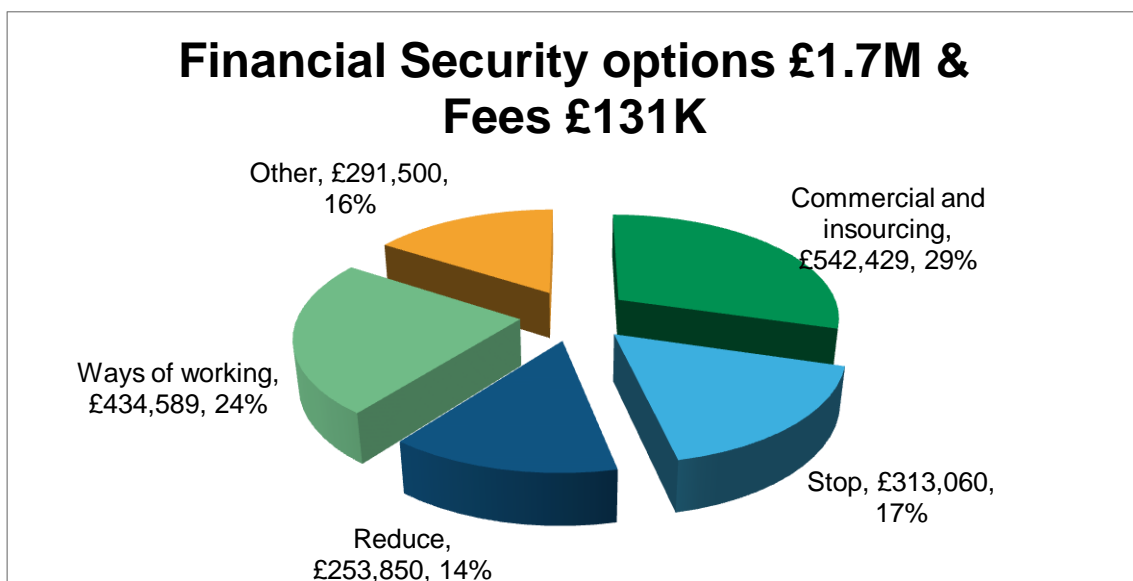
- 3.12 The impact of COVID has increased the difficulty of meeting the MTFs key principle: 'achieve an on-going balanced budget by 2022/23 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'. This was updated in the September 2020 MTFs to the following year 2023/24. This is critical as the managed use of balances in the MTFs starts to converge with minimum balance levels.
- 3.13 Previous resilience measures Members have approved were included in the Draft 2020/21 General Fund budget report to only use £204K of 2020/21 £1.28Million business rate gains for funding time limited growth. This means there was not a significant reliance on all of these gains being achieved for committed spend, this means any gains achieved can be returned to the General Fund so improving resilience of General Fund balances during this and next year.
- 3.14 At the December 2020 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2021/22 Budget. These measures were to ensure the General Fund had sufficient levels of reserves to meet any legacy impacts on COVID for 2021/22 onwards.
- 3.15 Whilst the MTFs contains projections of future income levels and assumptions of savings required, there is difficulty in projecting financial resources beyond this year, due to:
- The impact of COVID on income and expenditure next year is difficult to predict and will depend on whether the economy can recover sufficiently.
 - BREXIT deal and any potential increase in cost of goods and contracts.
 - Increased welfare pressures as a result of higher unemployment, an increase in Council tax support numbers has been built into the council tax base.
 - The government's further one year funding settlement, (rather than a multi-year settlement). The proposals for the Fair Funding review and any reset of business rates, now deferred to 2022/23 means considerable uncertainty about future funding. Councils like Stevenage have benefited from business rate gains in the last few years to fund regeneration aims and support General Fund balances, a full reset would see those gains disappear through an adjustment to the tariff payable to the government
 - Government measures beyond 2021/22 to reduce public spending.
- 3.16 The November MTFs report modelled a 2.32% increase in Council tax (or £5 on a Band D) as included in the provisional finance settlement. However due to the increase in discounts the tax base is projected to reduce for the first time in 10 years and the projected increase in council tax income is estimated to be only £128,559. The level of council tax increase will not be decided until the February Council meeting.
- 3.17 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below:

Date	Meeting	Report
Dec-20	Executive	Financial Security Report with 2021/22 savings proposals for the General Fund and HRA
	Overview and Scrutiny	Financial Security Report with the three year savings proposals for the General Fund and HRA
Jan-21		Draft 2021/22 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Draft 2021/22 General Fund budget, Council Tax and Council Tax Support
Feb-21	Executive	Final 2021/22 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2021/22 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2021/22 General Fund budget, Council Tax and Council Tax Support

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Financial Security Options

4.1.1 At the December 2020 Executive, Members approved General Fund Options of £1.386Million and HRA options of £225K totalling £1.611Million. The total projected savings options are now **£1.704Million of which £1.462Million relates to the General Fund, an increase of £78K**, (slightly lower than the £100K required). The increase largely relates to the new option to cease the Graduate programme when the current two graduate's term finished. A summary of the proposed options is shown below and the options are detailed in Appendix B & C.



4.1.2 Officers together with the Leaders Financial Security Group (LFSG) will continue to work towards identifying options to contribute to the Financial Security target. The Executive also recommended that LFSG also review the savings options prior to their inclusion in the February 2021 final budget report, this is currently being arranged.

4.1.3 In addition to the options recommended above the December Financial Security report identified that a further £500K of options should be identified and considered by the Executive if the financial position worsened. The CFO deems this necessary in light of the on-going COVID impact on the Councils finances. The Senior Leadership Team is recommended to identify further options by March 2021. This means further action can be taken quickly if required to ensure the resilience of General Fund balances.

4.1.4 The Financial Security options include a number of service reductions and this has been inevitable based on the target of savings required, EQIA's have been completed for these options and are included in Appendix E and F to this report.

4.2 Fees and Charges

4.2.1 2021/22 fees and charges have been scrutinised by LFSG and recommendations made for approval and included in the chart in paragraph 4.1 above and totalled £133,700.

4.2.2 The majority of fee increases agreed at the December Executive were recommended to be implemented in February 2021, with the exception of garage rent increases which are implemented in April 2021. However due to the continuing restrictions for the retail sector, it is proposed to defer implementation of the market fees and charges until 1 July 2021. This reduces the fee increases projections by £2,000 to £131,700 for 2021/22, as detailed in Appendix C.

4.3 Growth and Service Pressures

4.3.1 The growth allowance in the MTFs for 2021/22 was a nominal £75K, however the December Financial Security report identified some unavoidable growth and service pressures as summarised below and detailed in Appendix D.

	2021/22
Growth	£166,966
Pressures	£656,540
Total	£823,506

4.3.2 The growth options recommended relate to Council priorities and an on-going cost to the General Fund. Due to the current financial position (as a result of COVID), the CFO recommends the growth is not implemented until such time income budgets in particular are in line with the assumptions in the 2021/22 budget. Review points are suggested every quarter a part of the quarterly monitoring process. In order to add additional costs into the General Fund growth may need to be prioritised on an affordability basis. The prioritisation recommended is as follows:

Priority	Growth	General Fund	HRA	Total
1	Mainstream No More -Core	£37,500	£12,500	£50,000

Priority	Growth	General Fund	HRA	Total
2	New Commercial Officer post	£33,000	£22,000	£55,000
3	Seed money for CNM	£18,000	£0	£18,000
4	Mainstream culture post	£50,000	£0	£50,000
5	Enhanced Information Governance Service.	£28,466	£12,200	£40,666
	Total	£166,966	£46,700	£213,666

4.3.3 The pressures totalling £656,540 are deemed unavoidable and therefore no prioritisation has been given.

4.4 New Homes Bonus (NHB)

4.4.1 The December 2020 Financial Security Report advised Members that the threshold for new properties in the tax base had not been reached in order to receive a further payment in 2021/22 , (a one off payment). However there was an increase in the number of affordable properties in Stevenage and an additional £67,480 of NHB was received for 2021/22, this also is a one off payment.

4.4.2 The remaining NHB payment consisting of prior year legacy payments and including the £67,480, total £365,478 for 2021/22 and this has been allocated in line with the 2020/21 General Fund Budget report need and is shown below.

New Homes Bonus £'000			
	2021/22	2022/23	2023/24
Play & Bins (Capital)CNM	£342	£284	£220
Contribution to Capital Reserve	£250	£250	£250
General Fund	£0	£0	£0
Total Expenditure	£592	£534	£470
Balance in NHB reserve	(£ 461)	(£ 234)	£0
In year Funding	(£ 365)	(£ 8)	£0
Expenditure in year	£592	£534	£0
Balance remaining in NHB reserve	(£ 234)	£0	£0
Alternative Funding required	£0	£291	£470

4.4.3 The Locality Reviews disposal sites approved by Members at the September 2020 Executive together with a further report to the January 2021 Executive, provide funding for loss of NHB and crucially removes revenue contributions to capital (RCCO) from the General Fund, increasing General Fund balances over the medium term by £474K per year. This is summarised in the table below and shows this measure can remain in force until 31 March 2027. This would leave £104K of receipts and the end of that period but would be insufficient to avoid RCCO beyond 2027/28 so additional sites will be required for disposal or future capital spend reduced from then onwards.

Spend Requirements :	21/22	22/23	23/24	24/25	25/26	26/27	Total
	£'000						
Contribution to Capital Reserve	£0	£7	£250	£250	£250	£250	£1,007
Play & Bins (Capital)CNM	£0	£284	£220	£0	£0	£0	£504
Contribution to RCCO GF	£474	£474	£474	£474	£474	£474	£2,844
Total	£474	£765	£944	£724	£724	£724	£4,355
Receipts required each year	(£474)	(£765)	(£944)	(£724)	(£724)	(£724)	(£4,355)
Estimated receipts remaining							(£104)

4.4.4 The Provisional Financial Settlement did trail changes to the NHB scheme with the government writing,

“We will soon be inviting views on how we can reform the scheme from 2022-23 to ensure it is focused where homes are needed most “.

At the time of writing the report no further details have been published.

4.5 Finance Settlement

4.5.1 The finance settlement, (published on the 17 December 2020) included additional COVID funding allocations. A summary of the non-COVID funding versus the assumptions in the December 2020 report are shown below.

Original Finance Settlement (2021/22)			
	2021/22	December MTFS	Variance (= less)
Revenue Support Grant	£0	£0	£0
Business Rates:			£0
Business Rates	£2,585,301	£2,572,439	(£12,862)
Under indexing	£129,104	£134,035	£4,931
Other adjustments	£0		£0
Total Business Rates	£2,714,405	£2,706,474	(£7,931)
NHB (legacy payments)	£365,478	£297,998	£67,480
Lower Tier services grant*	£140,043	£0	£140,043
Total	£3,219,926	£3,004,472	£199,592

4.5.2 The financial settlement is £199,592 more than projected in the December 2020 MTFS, however members should note that the increased funding is **one off** in nature and is not a substitute for on-going financial savings. The level of lower tier grant* was based on 2013/14 Settlement Funding Assessment levels (£86Million nationwide) and used to fund a ‘floor’, to ensure that no authority has a total ‘Core Spending Power’ less than in 2020/21 (£25Million). The Lower tier service grant increased the SBC’s core spending power (government calculation) up to 2020/21 levels as is demonstrated below.

Core Spending Power Calculation			
	2020/21	2021/22	Variance
Assumed Council Tax	£5,988,685	£6,236,612	£247,926
Business Rates:			£0
Business Rates	£2,572,439	£2,572,439	£0
Under indexing	£103,104	£134,035	£30,931
Total Business Rates	£2,675,543	£2,706,474	£30,931
NHB (legacy payments)	£784,378	£365,478	(£418,901)
Lower Tier services grant	£0	£140,043	£140,043
Total Core Spending Power	£9,448,606	£9,448,606	£0

4.5.3 The Government remains committed to reforming local government finance and this will include the fair funding review and reset of business rates. However the statement on the review was,

“There may be an opportunity to do so next year and my department will work with the Treasury to review that” and when further pressed, the Secretary of State was “**not able to confirm when we will bring that forward**”. No further detail had been published at the time of writing this report.

4.5.4 The Council has historically benefited from business rate gains, however the closure of some high profile retailers means any gains would be challenging to realise in 2021/22 and consequently no business rate gains have been included in the draft 2021/22 General Fund budget. The 2021/22 estimated position for Business Rate gains, will not be known until the NNDR 1 form is completed, which has to be approved by 31 January 2021 (by law).

4.5.5 The government also published a response to Sir Tony Redmond’s Independent review into the oversight of local audit and the transparency of local authority financial reporting. A full response will be made by the government in spring 2021. The majority of the recommendations have been agreed, or partly agreed. This includes :

- Introduction of a new standardised statement of service information and costs which will need to be presented alongside the accounts.
- The recommendation to re-extend the deadline for audited financial statements to 30 September
- The proposed creation of an Office of Local Audit and Regulation. The government will make.

4.5.6 Funding of £15Million was announced to support authorities with the anticipated rise in audit fees for 2021/22, with funding to be allocations to be confirmed in the new year. No further details had been published at the time of writing this report.

4.5.7 The government has also announced **£1.55 billion COVID-19 Expenditure Pressures Grant – Allocations**. This funding is un-ring -fenced and payable in April 2021 and is to fund:

- Adult social care, children’s services, public health services,
- household waste services,
- **Shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse**

- Managing excess deaths,
- Support for re-opening the country
- **The additional costs associated with the local elections in May 2021.**

4.5.8 This funding should be used in planning to cover any COVID-related costs for the priority pressures above and any further COVID-19 costs in 2021/22. **Councils have been advised that they should plan on the basis of not receiving any additional funding for the above pressures.** The CFO recommends that this money is ring fenced for the purposes identified above on the basis that no further funding will be made available.

4.5.9 The government also announced a **Local Council Tax Support grant** on which they are seeking views as part of the settlement. This is for £670 million of new, un-ringfenced funding that will be provided to authorities in recognition of the increased costs of providing local council tax support following the pandemic. The funding has been allocated, (subject to consultation) on the basis of each billing authority's share of the England level working-age local council tax support caseload, adjusted to reflect the average bill per dwelling in the area. **The indicative funding allocations published for Stevenage is £118,850. The funding will be un-ringfenced.** The draft budget assumes that this support General Fund balances.

4.5.10 The government has published the Local tax income guarantee for 2020/21, this will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21. This will be based on:

- For council tax, a comparison of each authority's council tax requirement and an adjusted Net Collectable Debit.
- For business rates, this is broadly a comparison of income as calculated in the National Non-Domestic Rates ('NDR') statistical collection forms 1 and 3.

4.5.11 At the time of writing the draft budget report an assessment had not been made of any potential income as a result of the scheme as the guidance will need to be reviewed and assessed.

4.5.12 There is also an extension of the Sales Fees and Charges scheme based on the 2020/21 fee budgets. The draft December MTFs assumed £200K of income guarantee scheme and which is now estimated at £255K and will run for the first three months of 2021/22.

4.5.13 A summary of all the announcements is shown below:

Provisional Finance Settlement	
	2021/22
Non COVID related funding:	
Business Rates	£2,585,301
Under indexing	£134,035
Total Business Rates	£2,719,336
NHB (legacy payments)	£365,478
Lower Tier services grant	£140,043
Redmond Review (higher audit fees)	TBC
Government Support non COVID	£3,224,857
COVID related costs:	

Provisional Finance Settlement	
	2021/22
Share of £1.55Billion	£500,208
Local Government Support grant (£670M) (indicative)	£118,859
Income Guarantee Scheme (estimated)	£255,000
Local tax income guarantee for council tax and NNDR	TBC
Government Support COVID	£874,067
Total	£4,098,924

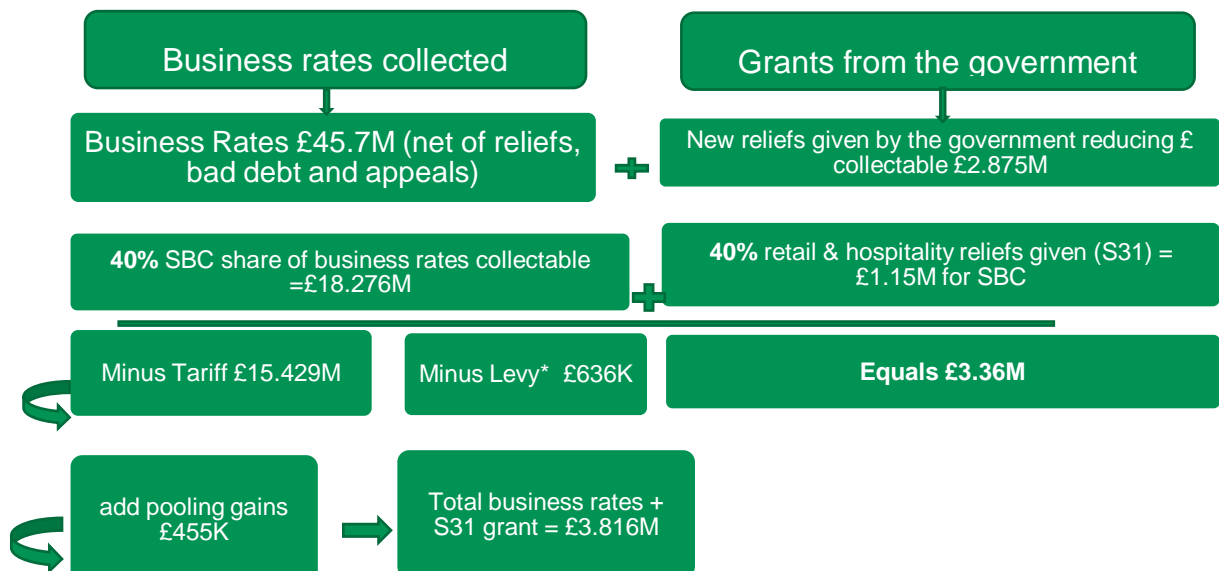
4.5.14 The government has announced a raft of support for businesses which the Council must approve a scheme and then administer. In order that the monies can be distributed quickly to those businesses in need, the CFO recommends that the approval of any future schemes and discretions are delegated to her following consultation with the Resources portfolio holder.

4.6 Business Rates 2020/21

4.6.1 The government calculates the amount of business rates that should be retained by Stevenage and this is called the baseline need. The base line need for 2020/21 was £2.572Million plus a further £103K payable in Section 31 grants to compensate Councils for changes to increases in business rates the government had made in previous years, (including moving from RPI to CPI for the annual increase, which is a lower inflation index).

4.6.2 The £2.572Million is much lower than a 40% share of the total Stevenage business rate yield after any reliefs of £18.3Million (100% circa £45M), this is because the government applies a 'tariff' which reduces that 40% share down to the 'base line need' (before any growth), giving a tariff in 2020/21 payable to the government of £15.43Million. Then a 'levy' is applied to any gains above that baseline need at rate of 50%.

4.6.3 The original budget for 2020/21 was £3.861Million which includes Hertfordshire pooling gains of £455K. This means Stevenage had £1.28Million of business rates above the baseline assessment that could be retained by SBC.



**not all gains above the baseline of £2.57Million are subject to the levy of 50%*

- 4.6.4 The Hertfordshire pool which included Stevenage, (the first time since 2015/16) increased 2020/21 business rate gains by £455K. The Pool governance states that any safety net payments to be a first call on the pool (where pool members fall below their base assessment), with the balance of benefits then shared 70% Districts, 15% County Council and 15% growth fund plus any gains that would have been paid if the pool didn't exist. In the event of an overall loss, i.e. safety net payments exceed levy retained, this would similarly be split.
- 4.6.5 In summary the 2020/21 General Fund budget included :
- S31 grants of £1.15Million shown in net General Fund expenditure
 - Business rates of £2.67Million shown in core resources (from the Collection Fund)
- 4.6.6 However, the level of S31 grants can be different from the original budget, as they are based on a payment from the government which **relates to the year they are raised**, while assumed business rates from the Collection Fund are **fixed** for the year, regardless of what happens, (the £2.67Million). It can take up to two years for the impact of changes between original budget to outturn for that year.
- 4.6.7 The impact described in para. 4.6.6 can cause some distortions to the General Fund and there is a huge distortion in 2020/21 because the **government increased the level of additional retail and hospitality reliefs from £925K to £21Million**, as the government extended retail and hospitality reliefs to the whole sector in March 2020. This means SBC's share of S31 grants has **increased to £9.15Million** to be paid in year while still taking the budgeted £2.67Million from the Collection Fund, a total of £11.82Million for 2020/21, or £8Million too much. This measure was taken as the tariff of £15.4Million was still payable to the government from the General Fund and the S31 grants offset the cashflow impact.
- 4.6.8 The NDR position is summarised below and shows that the increase in S31 grants gives the General Fund £8Million more in business rates income than it should have but this has to be repaid in 2021/22 to the Collection Fund. The extra S31 grants **reduce net expenditure in 2020/21 by £8Million as S31 grants are included in General net expenditure. The CFO recommended transferring this amount into a S31 ring fenced reserve in 2020/21 and reversing the entry in 2021/22 to match the repayment to the Collection Fund in 2021/22**, (December Financial Security report). This is to avoid the misconception that the General Fund has a high level of reserves at 3 March 2021, (distorted by the £8Million 'over payment of business rates'). **However the impact in 2021/22 is to reduce the General Fund net budget by £8Million, as the monies are transferred back from the reserve to the General Fund, matching the overpayment back to the Collection Fund in the same year.**

Business rates 2020/21				
	2020/21 Original £'000	2020/21 Year end £'000	2020/21 should have been	Variance repaid in 2021/22 to Collection Fund
General Fund Net Expenditure:				
S31 income	(£1,150)	(£9,150)	(£9,150)	£0
Total General Fund	(£1,150)	(£9,150)	(£9,150)	£0
Core Resources:				
Business Rates(from)/to Collection Fund	(£2,210)	(£2,210)	£5,790	£8,000
Pooling gains	(£455)	(£455)	(£455)	£0
Less COVID related losses			£500	£500
Total business rates	(£2,665)	(£2,665)	£5,835	£8,500
Total Business rates & S31 grant	(£3,816)	(£11,816)	(£3,316)	£8,500

4.6.9 The 2020/21 projection will be reviewed as part of the completion of the NDR1 form by the 31 January 2021, which is delegated to the CFO to approve.

Business Rates 2021/22

4.6.10 The December 2020 Financial Security Report identified that the NDR baseline funding, would increase by September 2020 CPI of 0.5%. Any gains above the baseline assessment can be retained by the Council after the levy of 50% is applied. The 2020 Finance Settlement announced no increase in NDR for businesses next year and this means the Council will receive Section 31 grant to compensate for the uplift loss on business rates collectable.

4.6.11 Projecting Business Rates for 2021/22 gains is difficult with business failures announced to date, these will impact on the level of collectable business rates for 2021/22, together with any future failures, if retail and hospitality sector is impacted further by COVID. Therefore at the current time no NDR gains are being projected. If gains are realised then this will be built into future MTFS projections.

4.6.12 The Council (via the Executive) must approve the level of estimated 2021/22 business rates it will receive by 31 January each year. However due to the provisional settlement being received in December, this was delegated to the CFO following consultation with the Portfolio Holder for Resources in the December Financial Security report. Any revisions to the 2020/21 projections and estimates for 2021/22 will be updated as part of the final General Fund report.

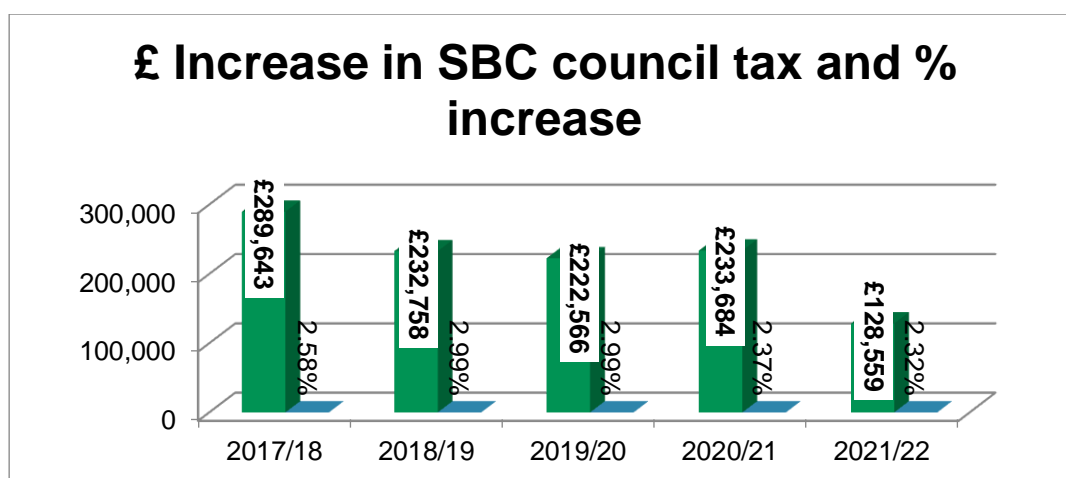
4.7 Council Tax

4.7.1 Part of the budget setting process includes consideration of council tax levels. The provisional settlement allows for a 2% or £5.00 on a Band D (2.32%), whichever is the greater, before a referendum on an amount above this is required. The provisional settlement consultation does not closed until 14 January but the Draft Budget assumes the 2.32% increase.

4.7.2 The table below shows the increase per property band based on a 2.32% increase.

Council Tax increase modelled for Stevenage Precept 2021/22				
Council Tax band	2020/21	2.32% increase	Total cost per year	Total cost per week
A	£143.71	£3.33	£147.04	£2.83
B	£167.67	£3.89	£171.56	£3.30
C	£191.62	£4.45	£196.07	£3.77
D	£215.57	£5.00	£220.57	£4.24
E	£263.47	£6.11	£269.58	£5.18
F	£311.38	£7.22	£318.60	£6.13
G	£359.28	£8.34	£367.62	£7.07
H	£431.14	£10.00	£441.14	£8.48

4.7.3 Increasing council tax by 2.32% versus 1.99% nets the Council an additional £19,697 per year. Due to the projected taxbase for 2021/22 being 0.17% lower than the 2020/21 taxbase, (due to increased reliefs and CTS projections) the increase in the council tax with a 2.32% increase is only £128,559 additional income, much lower increase for SBC than in previous years, (see para.4.5.9 re council tax support grant funding).



4.7.4 Council tax is a key funding resource and locally raised taxation has become more important to the General Fund as central funding has reduced or risk transferred to local authorities in terms of regulations and policy changes regarding business rates and new homes bonus, all be it constrained in terms of level of increase. As in previous years the council tax increase will not be agreed until the February Council meeting. Based on the increasing financial dependency the General Fund budget the CFO recommends a 2.32% increase be considered by the Executive and Overview and Scrutiny Committee.

4.8 Council Tax Support

4.8.1 A local CTS scheme cannot be revised for at least one financial year. A Billing Authority (SBC) must consider whether to revise or replace its scheme with another on an annual basis.

4.8.2 Any revision to a scheme must be made by the Council by the 11 March, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally consideration should be given to providing transitional protection where the support is to be reduced or removed.

4.8.3 The Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. The CFO wrote to both precepting authorities regarding the proposal for 2020/21 and at the date of writing the report HCC had no objections to the scheme proposed and no response had been received from the PCC.

4.8.4 The current **working age** scheme requires those all maximum benefit to pay 8.5% of their council tax bill for the year. This equated to £138.10 for a band c council home in 2020/21 (an additional 25% discount for a single person) or £2.66 per week.

4.8.5 Members approved in the October Executive Council Tax Support report to retain the existing scheme for 2021/22. **Members are recommended to agree the existing scheme uprated for benefit changes for 2021/22.**

4.9 General Fund Net Expenditure

4.9.1 The 2020/21 projected and the 2021/22 draft General Fund net expenditure is summarised below, including the changes from the December 2020 report. The 2021/22 net budget has decreased by £467,100* compared to the December's MTFs. *This does not include any recommendations included in the Wholly Owned Company – Housing Development report to this committee.

Summary of 2021/22 budget movements	On-going?	£	On-going £
2021/22 budget before return of ring-fenced S31 reserve		£9,195,460	
Reduced by S31 reserve (see para. 4.6.5)		(£8,000,000)	
Total Net budget reported December 2020		£1,195,460	
Lower costs/Increased Income:			
lower inflation than budgeted for	Y	(£43,103)	(£43,103)
Increased recharges to the HRA including digital	Y	(£163,192)	(£163,192)
increased savings 2021/22	Y	(£78,814)	(£78,814)
Increased projected income guarantee scheme	N	(£55,000)	
Increased Lower Tier Funding (Finance settlement)	N	(£140,043)	£0
Increased COVID funding for council tax support	N	(£118,860)	
Increased COVID funding for homeless elections	N	(£500,208)	
New Homeless & Rough Sleeping Fund	N	(£500,830)	
Other net reductions	Part	(£84,859)	(£35,000)
Total		(£1,684,909)	(£320,109)
Increased Costs/lower Income:			
Ringfenced grant for homeless and elections 2021	N	£500,208	
New Homeless & Rough Sleeping Fund (2 nd year)	N	£500,830	

Summary of 2021/22 budget movements	On-going?	£	On-going £
Reduction in investment income	Y	£27,670	£27,670
Reduction in 2021/22 fee increases (Markets para 4.2.3)	N	£2,000	
Increased COVID losses	N	£177,101	
Lower parks & open spaces income	Y	£10,000	£10,000
Total		£1,217,809	£37,670
Total budget movements		(£467,100)	(£282,439)
Updated General Fund 2021/22 net budget		£728,360	

4.9.4 There is an on-going positive impact on balances for future years of £282,439, however £163,192 relates to increased recharges to the HRA which may in future years swing back to the General Fund. There is still a need to find financial security saving for future years to ensure, (that in line with the MTFS) there is move from the current draw on balances per year to a contribution to balances by 2023/24, (revised from 2022/23 in the September 2020 MTFS update).

4.9.5 The 2020/21 General Fund working budget has increased by £457,810, a summary is shown in the table below.

Summary of 2020/21 budget movements	£
Working Budget	£10,731,610
Lower costs/Increased Income:	
COVID funding for new burdens	(£23,030)
Total	(£23,030)
Increased Costs/lower Income:	
Reduction in AFM projection (recycling)	£112,540
Reduction in income guarantee scheme	£11,120
Lower parks and open spaces income	£10,000
Wholly Owned Company set up costs (omitted from 2020/21 budget)	£75,000
Increased COVID losses (including homeless costs, commercial rents, recycling income)	£261,610
Other minor budget changes	£10,640
Total	£480,910
Total budget movements	£457,880
Updated General Fund 2020/21 net budget	£11,189,490

4.10 Projected General Fund Balances

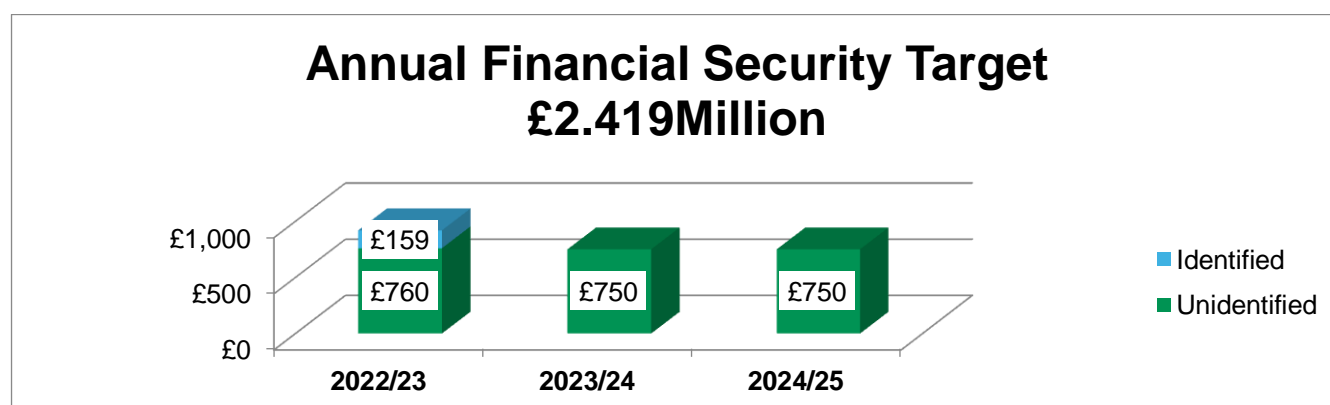
4.10.1 The projected General Fund balances and council tax requirement are shown below.

	2020/21 Estimate	2020/21 Projected	2021/22 Estimate
Net Expenditure excluding S31 grants	£10,220,060	£12,339,720	£9,578,360

	2020/21 Estimate	2020/21 Projected	2021/22 Estimate
S31 grants NNDR	(£1,150,230)	(£9,150,230)	(£850,000)
Transfer of S31 grants	£0	£8,000,000	(£8,000,000)
Total Net Expenditure*	£9,069,830	£11,189,490	£728,360
(Use of)/ Contribution to Balances	(£349,030)	(£2,468,690)	(£380,590)
Budget Requirement	£8,720,800	£8,720,800	£347,770
Business Rates	(£2,665,314)	(£2,665,314)	(£1,869,336)
Total Government Support	(£2,665,314)	(£2,665,314)	(£1,869,336)
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£0	£0	£8,500,000
(Return) /Contribution to Collection Fund (NDR) pre 2020/21	£380	£380	(£821,128)
Collection Fund Surplus (ctax)	(£67,265)	(£67,265)	(£40,152)
Council Tax Requirement	£5,988,601	£5,988,601	£6,117,154
Council Tax Base	27,781	27,781	27,734
Council Tax Band D	£215.57	£215.57	£220.57
Council Tax Band C	£191.62	£191.62	£196.07

4.11 Revision of Financial Security Targets Future Years

4.11.1 The Financial Security target for 2022/23-2024/24 is now £2.419 Million, as summarised below. This will need to be reviewed at the next MTFS update to ensure firstly that there is a contribution to balances by 2023/24 and secondly to reflect any further impacts of COVID on the General Fund.



4.11.2 In addition to the Financial Security target identified above the Executive approved the need to find a further £500K of options that could be implemented if the General Fund financial resilience reduced and minimum balance levels were breached.

4.11.3 The Financial Security savings options going forward are anticipated to be driven through the Transformation and Commercial and Insourcing Strategy. If sufficient savings cannot be identified through these initiatives then the probability of further service reductions is likely as the ability to deliver efficiency savings has diminished.

4.12 General Fund Reserve Projections

4.12.1 General Fund balances are projected to be £3.9Million by 2024/25 which means a reduction of £3Million from balances held at 1 April 2020.

Balances £'000	2020/21	2021/22	2022/23	2023/24	2024/25
Revised Balances at 31 March each Year:	(£ 6,930)	(£ 4,461)	(£ 4,081)	(£ 3,662)	(£ 3,664)
use of balances	£2,469	£381	£418	(£ 2)	(£ 241)
General fund Balance 1 March	(£ 4,461)	(£ 4,081)	(£ 3,662)	(£ 3,664)	(£ 3,905)
Minimum	(£ 2,920)	(£ 3,650)	(£ 3,200)	(£ 3,000)	(£ 2,900)
Variance	(£ 1,541)	(£ 431)	(£ 462)	(£ 664)	(£ 1,005)

4.12.2 The improvement in the projected balances from the December report (and as set out section 4.9 of the report), means the projected year end balances for 2021/22 are now £431K above the risk assessed balances of £3.65Million, however this is a minimal cushion against COVID losses, which need to be reassessed as a result of the extended lockdown into 2021/22.

4.12.3 The improvement in balances combined with the package of Financial Security options recommended for approval has significantly improves the Council's financial resilience. There are still risks:

- Realising the level of business rate gains for 2020/21, however the MTFs assumes that £800K of the £1.28Million total gains will be realised. This will not be known until the NNDR3 claim in submitted post April 2021 and the pooling gains realised from the Hertfordshire Pool (£455K). In the current economic position this still remains a risk but is currently though achievable by the CFO.
- Re-evaluation of further COVID losses for 2020/21 and 2021/22
- Ability to implement the level of savings outlined in the report

4.12.4 There is also financial risk associated with more innovative Financial Security options versus stopping services and cutting spend. While these options are preferable to reducing/stopping services they may be a departure from 'normal' council operations and require careful implementation and monitoring.

4.13 Risk Assessment of General Fund balances

4.13.1 The General Fund balances have been risk assessed for 2021/22 and the minimum level of balances required is £3.65Million

4.13.2 The risk assessment of balances includes amounts for general overruns in expenditure and losses of income (1.5% of the gross value) and in addition for specific risks.

4.11.3 A new risk that has been added to the risk assessment of balances includes:

- Increased cost COVID in 2021/22 estimated to be £1.2Million in addition to that assumed within the budget.

4.14 Contingency Sums

4.14.1 The Executive will recall that a Contingency Sum needs to be determined by the Council as part of the Budget and Policy Framework in order to avoid the need for Council to consider all supplementary estimates during the course of the year. This contingency sum constitutes an upper cumulative limit during the financial year within which the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for

2020/21, this remains unchanged from the current year, however due regard will need to be given to breaching minimum balances.

4.15 Allocated Reserves

4.15.1 The allocated reserves as at 31 March 2022 are estimated to be £1.723 Million, which is a reduction of £1.733 Million (51% of total reserves) from 1 April 2020. The allocated reserves are summarised in the following table.

Movements to/from Allocated Reserves £'000					
Allocated Reserve	Balance as at 1 April 2020	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2021	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2022
New Homes Bonus	(£ 630)	£ 169	(£ 461)	£ 227	(£ 234)
Business Rates Reserve	(£ 1,235)	(£ 572)	(£ 1,807)	(£ 455)	(£ 326)
Business Rates Reserve S31 grants	£ 0	(£ 8,000)	(£ 8,000)	(£ 454)	£ 0
Regeneration Assets	(£ 630)	£ 234	(£ 396)	(£ 156)	(£ 552)
Insurance Reserve	(£ 103)	£ 35	(£ 68)	£ 0	(£ 68)
Regeneration Fund (SG1)	(£ 724)	£ 155	(£ 569)	£ 370	(£ 199)
Town Centre	(£ 34)	£ 0	(£ 34)	£ 0	(£ 34)
Transformation Reserve	(£ 60)	£ 0	(£ 60)	£ 0	(£ 60)
Planning Delivery Grant	(£ 40)	£ 40	£ 0	£ 0	£ 0
Income equalisation reserve	£ 0	£ 0	£ 0	£ 0	(£ 250)
Total	(£ 3,456)	(£ 7,939)	(£ 11,395)	(£ 468)	(£ 1,723)

14.5.2 The use of reserves does not take into account any use of the Income Equalisation reserve which may be required in 2021/22 and assumes the level of business rates as set out in paragraph 4.12.3.

4.16 Consultation

4.16.1 The residents' survey has not been completed this year due to COVID and would be in principle completed next year. The previous survey (2017) asked for the views of residents and stakeholders on their preferences for reducing services, increasing fees and charges and increasing Council Tax. Residents were asked how best to make the savings required by ranking the options provided from 1 to 5, with 1 being the most preferred option and 5 being the least preferred option. The results are shown in the table below. A number of the savings options relate to new ways of working (24%)

Table 13: Resident's preferences for means of making savings. Rank analysis.

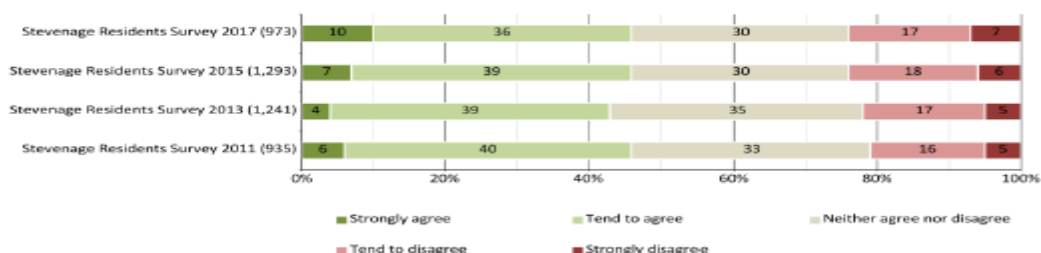
Option	Overall Rank
Reduce time and money spent on paperwork by interacting with more residents and customers online	1
Spend less by reducing or cutting the services that you tell us are not a priority	2
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	3
Increase our element of Council Tax (for example from 48p per day to 50p per day)	4
Make money by selling more of our services to residents and customers	5

4.16.2 The 2017 residents' survey asked residents a number of questions relating to how the Council conducts its financial affairs. Residents were asked whether the council tax represented value for money and only 7% strongly disagreed as shown in the chart below.

Value for money

To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?

Figure 50: Responses to whether residents agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money



4.16.6 The Financial Security package includes staff related options for which informal consultation has commenced, however all the option will be subject to the outcome of the formal consultation process. The impact on staff is summarised below, this is subject to consultation.

Option	No of staff	Redundancy	Vacant /retire/ turnover/no impact
Community Transport	5	4	1
Director support	1	0	1
Member Services	1	0	1
Constitutional services	3	0	3
CSC/Customer focus	7	2	5
Print Room	1	1	0
Facilities Management	4	0	4
Revs and Bens	1	0	1
Financial Services	3	0	3
Total	26	7	19

4.16.7 The LFSG will review the Financial Security options before the final General Budget report to the February Executive and their comments will be included in that report.

4.16.8 An all Member session was held on the 2021/22 General Fund budget on 11 January 2021 a number of questions were raised about staff redeployment and ensuring that the impact of measures such as not strimming round objects was properly assessed. Members also requested that consideration be given when finances improve to relook at the;

- Level of LCB budgets for each ward member
- The reintroduction of the graduate scheme
- The community transport scheme

4.16.9 The General Fund MTFs has a set of principles used for financial purposes, one of which is to ensure that resources are aligned with the Council's Corporate Plan

and Future Town Future Council (FTFC) priorities and that growth is limited to the Council's top priorities. The Corporate Plan is included in the Budget and Policy Framework and is therefore subject to Council approval.

4.16.10 The current FTFC Co-operative Corporate Plan was approved as a five year plan from 2016 to 2021 and is therefore due for revision. At the present time Member and officer focus continues to be on responding to the COVID-19 pandemic, and EU transition. Furthermore, the Covid-19 recovery plans agreed by the Executive in July 2020 will help shape the Council's priorities and programmes and associated funding for the coming financial year. In this context, officers proposed to the Executive at its December meeting that the current plan and existing FTFC programmes are extended into 2022/23. This will provide officers and Members with the opportunity to thoroughly review the plan. Having considered this proposal, Executive resolved that, in accordance with the Council's Budget and Policy Framework Procedure Rules, the Council be recommended to continue the adoption of the current Co-operative Corporate Plan, subject to further review in Autumn 2022.'

4.17 Chief Finance Officer's Commentary

4.17.1 The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988). This commentary is given in light of these statutory responsibilities.

4.17.2 The Council has evolved its budget strategy to meet the ongoing challenging economic conditions whether because of funding cuts, welfare reforms or inflationary increases and latterly to meet the financial threat of COVID. The financial strategy to deal with this is the 'Financial Security' strand of 'Future Town Future Council'.

4.17.3 Officers regularly update the MTFs to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The Financial Security year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap.

4.17.4 The Council has taken significant steps over recent years to balance its budget and one of the principle aims of the MTFs is 'achieve an on-going balanced budget by 2023/24 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'.

4.17.5 The impact of COVID has increased the need to implement further financial resilience measures, which were contained in the June 2020 COVID Recovery MTFs report, September 2020 MTFs and in the December 2020 Financial Security Report. This has been a difficult budget to set but financial resilience measures taken/for approval have increased the security of the Council's position, these are:

- Monthly monitoring of COVID financial impacts to allow any required financial remedies to be taken quickly.

- Holding General Fund capital and revenue expenditure in 2020/21 (June 2020 COVID Recovery MTFS report).
- Reduce the use of reliance on Revenue Contributions to Capital (RCCO) by identifying sites for disposal and using capital receipts rather than revenue (September 2020 MTFS report).
- Identification of sufficient level on-going Financial Security options to ensure General Fund balances are above or a the minimum level required for 2021/22.
- Identify £500K of further options to be worked up by March 2021, that if required can be implemented if the financial challenges in 2021/22 are worse than currently projected.
- Increase the level of minimum balances required to reflect an allowance for further COVID losses (December 2020 Financial Security Report)
- Implement an Income Equalisation Reserve of £250K to allow for fluctuations in fee increases realised and income during 2021/22 (December 2020 Financial Security Report).
- Ring-fence COVID funding in the provisional settlement for housing and a COVID secure election in 2021/22.
- Recommended approval of Financial Security options and fees of £1.5Million

4.17.6 There is small contribution to balances projected in 2023/24, however there is a significant draw on balances through the MTFS period and a need to deliver savings through the MTFS period, this is also in the context of COVID and Brexit on the Council's finances.

4.17.7 The current projections of balances and the measures the Council has taken to date and as set in this report have meant the level of balances projected are sufficient to set the 2021/22 budget, if all options included in the report are approved. **However the CFO considers that as set out in the December Financial Security report, further options of a minimum £500K should be considered by the Executive so that additional action can be taken quickly if the financial position worsens or options recommended for approval are not delivered early on 2021.**

4.17.8 While delivering one of the most difficult budgets, the Council is also continuing with one of its most ambitious phases with the Council looking to redevelop and regenerate the town centre and at the same time improve the housing market in Stevenage. Both these priorities come with the risk of potentially needing to invest more resources. There is a ring fenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

4.18 Leaders Financial Security Group

4.18.1 The LFSG chaired by the portfolio holder for Resources on behalf of the Leader and with cross party representation has been meeting frequently since August 2016. The group has reviewed the GF 2020/21 Fees and charges and is scheduled to review the Financial Security options before the February 2021 Final budget report to the Executive.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 The report deals with Council policy and finances and as such all implications are contained in the main body of the report.

5.2 Legal Implications

5.2.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

5.3 Risk Implications

5.3.1 There are risk implications to setting a prudent General Fund budget if the Fees and charges (Appendix C) and Financial Security options (Appendix B) are not achieved and crucially if future options are not found to meet the targets outlined in the report. The risk to financial security has also been increased as a result of COVID but decisive measures have been taken as outlined in paragraph 4.17.5.

5.3.2 The Council's ambitions have meant significant growth bids and service pressures included in the MTFS assumptions. However, decisions to invest are backed by business cases to do so.

5.3.3 The Council faces considerable risks with future reductions to central government grant funding and the ever changing landscape of Local Government Finance. Areas of risk include:

- Fair Funding Review – still to be concluded
- Business rates reset and the ability for Council's to retain growth in the yield-still to be concluded
- Changes to borrowing rules- PWLB changes November 2020 meaning the inability to spend for yield and borrow from PWLB.
- Ensuring sufficient funding for government initiatives such as rough sleeper and COVID pressures.

5.3.2 Risk implications are dealt within the body of the report and specifically within sections 4.12, 4.13 and 4.17.

5.4 Equalities and Diversity Implications

5.4.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:

- Remove discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
- Promote equal opportunities between people who share a protected characteristic and those who do not
- Encourage good relations between people who share a protected characteristic and those who do not.

5.4.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2021.

- 5.4.3 To inform the decisions about the Budget 2021/22 officers have begun Equality Impact Assessments (EqIAs) for service-related savings proposals. These are currently in draft form, since they must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2021. Where there is a potentially negative impact, officers will collect further information and identify actions to mitigate the impact as far as possible. These EqIAs are summarised and attached in **Appendix E** with further information on the process to date and planned activity. EqIAs for future years' savings will be presented alongside the draft Budget for the relevant year.
- 5.4.4 An overarching EqIA will also be developed once individual EqIAs are finalised for Council in February 2021. This will consider the collective impact of the Budget on people with protected characteristics.
- 5.4.5 As well as considering the impact on service delivery and equality, an EqIA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqIA, will be reviewed periodically with the Council's Strategic Management Board. All staff impacts are summarised at **Appendix F**.

5.5 Climate Change Implications

- 5.5.1 The Council declared a climate change emergency at the June 2019 Council meeting with a resolution to work towards a target of achieving net zero emissions by 2050.
- 5.5.2 To support the work required to achieve this aim, time limited resources have been included in the 2021/22 budget.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2020/21-2024/25)

BD2 Financial Security Options (December Executive)

APPENDICES

- A Risk Assessment of Balances 2021/22
- B Financial Security Options 2021/22
- C Fees and Charges 2021/22
- D Growth Options and new pressures 2021/22
- E Equalities Impact Assessment General Fund
- F Equalities Impact Assessment staffing