

	EXECUTIVE
<b>Meeting</b>	
<b>Portfolio Area</b>	RESOURCES
<b>Date</b>	19 January 2022



## DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2022/23

### KEY DECISION

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### 1 PURPOSE

- 1.1 To consider the Council's draft 2022/23 General Fund Budget, Council Tax Support Scheme and draft proposals for the 2022/23 Council Tax.
- 1.2 To consider the projected 2021/22 General Fund Budget

### 2 RECOMMENDATIONS

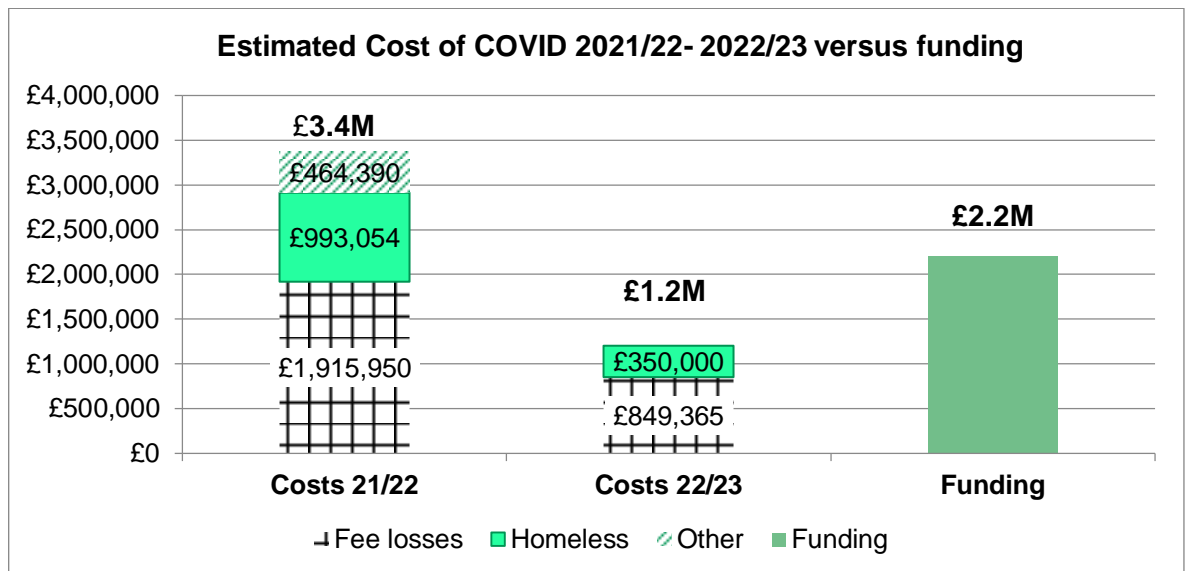
- 2.1 The 2021/22 revised net expenditure on the General Fund of £11,755,780 is approved.
- 2.2 Members note the inclusion of the 2022/23 Fees and Charges of £341,780 (Appendix B to this report) in the draft 2022/23 budget.
- 2.3 The draft General Fund Budget for 2022/23 of £11,004,220 (is proposed for consultation purposes), with a contribution from balances of £1,238,955 and a Band D Council Tax of £225.57 (assuming a 2.26% increase).

- 2.4 The updated position on the General Fund Medium Term Financial Strategy (MTFS), summarised in section 4.14 be noted.
- 2.5 The minimum level of General Fund reserves of £3,471,038 in line with the 2022/23 risk assessment of balances, as shown at Appendix C to this report, is approved.
- 2.6 The contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2022/23, (reflecting the level of balances available above the minimum amount).
- 2.7 The Making Your Money Count (MYMC) options as set out in section 4.2 and Appendix A, totalling £780,945 and £39,370 for the General Fund and HRA respectively for 2022/23 be included into the Council's budget setting processes for consideration by the Overview & Scrutiny Committee.
- 2.8 The Growth options included in section 4.4 are approved for inclusion in the 2022/23 General Fund (£120,078) and HRA (£63,360) budgets.
- 2.9 That the pressures of £1,773,340 are noted as set out in section 4.3 to this report.
- 2.10 Members approve a further £300,000 to pump prime Transformation to be included in the Council's 2022/23 budget setting processes to enable to significantly contribute to the savings targets as set out in section 4.12.
- 2.11 Members approve the identification of a further £250,000 of MYMC options for the June 2022 MTFS report as set out in paragraph 4.12.4.
- 2.12 Members approve the use of the business rate gains only once realised and ring fence the use for firstly the financial resilience of the Council and if required to be transferred to the Income Equalisation Reserve and thereafter, they are used for Regeneration or Co-operative Neighbourhood one off spend.
- 2.13 That the 2022/23 Council Tax Support scheme is approved as set out in section 4.6 to this report.
- 2.15 That the decisions taken on recommendations 2.3 – 2.13 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.
- 2.16 That Members note the Equalities Impact Assessments appended to this report in Appendices D and E.
- 2.17 The work of the Leader's Financial Security Group (LFSG) in reviewing the efficiency, commercial and fees and charges as outlined in section 4.18 of the report is noted.
- 2.18 That key partners and other stakeholders are consulted and their views considered as part of the 2022/23 budget setting process.

### 3 BACKGROUND

3.1 This report sets out the 2022/23 draft General Fund Budget including Making Your Money Count (MYMC) 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.

The December 2021 MYMC report identified the significant on-going cost of COVID, (this was before any impact of the plan B directive by the government and subsequent Omicron variant financial impacts). This is kept under constant review and will need to be refined up to the February 2022/23 Council report for the 2021/22 and 2022/23 budgets. The December 2021 projections are summarised in the chart below.



3.3 Included in the net costs is expenditure and grant funding of £185,154 for the Prevent and vaccinate initiative for rough sleepers. This is part of a £25Million funding package to support all local authorities across England to find appropriate accommodation for rough sleepers including those who may have left accommodation already provided and, to use to boost vaccination rates across rough sleepers. The use of the grant is currently being assessed.

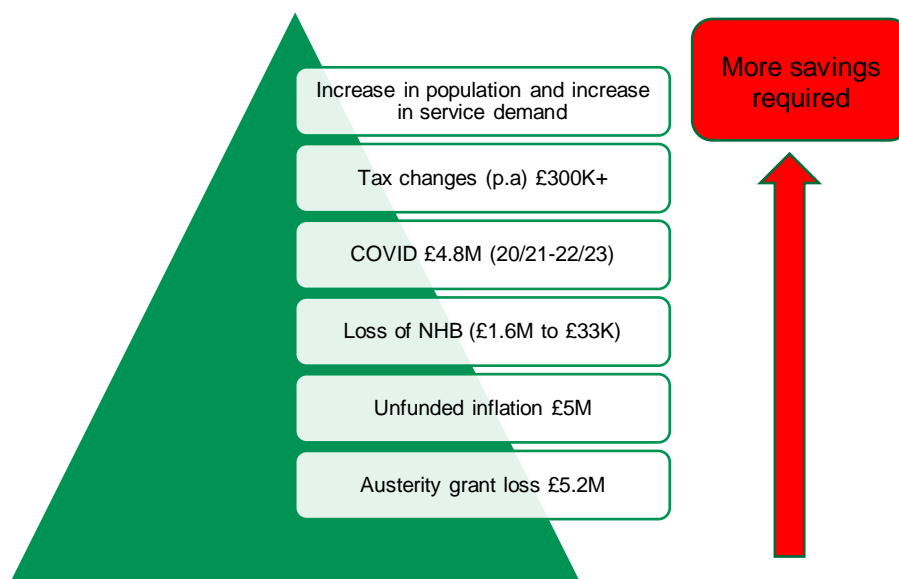
3.4 At the time of writing the December MYMC report the provisional financial settlement had not been published, (16 December 2021). The Chancellor announced an additional £1.6Billion per annum (2022/23 to 2024/25) for local government as part of Spending Review 2021 (SR21). The majority of this amount has been included in the Core Spending Power figures. Based on the figures in the Core Spending Power amounts, there has been a national net increase in funding (excluding the multiplier adjustment and Adult Social Care reform funding) of £1.526Billion. A breakdown of this change is shown below and the impact for Stevenage detailed in section 4.1.

- + £822Million Services Grant – A new grant based on 2013/14 Settlement Funding Assessment (SFA) shares
- + £636Million – Increase to the Social Care Grant
- + £63Million – Inflationary increase to the Improved Better Care Fund
- + £72Million – Increased Revenue Support Grant (RSG) (based on CPI)
- (£68Million) – Reduction in New Homes Bonus Funding
- Council Tax increases for District Council's up to the greater of £5 on a Band D property or 2%.

3.5 The Council must set a balanced budget each year (Local Government Finance Act 1992). The Council is required 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.

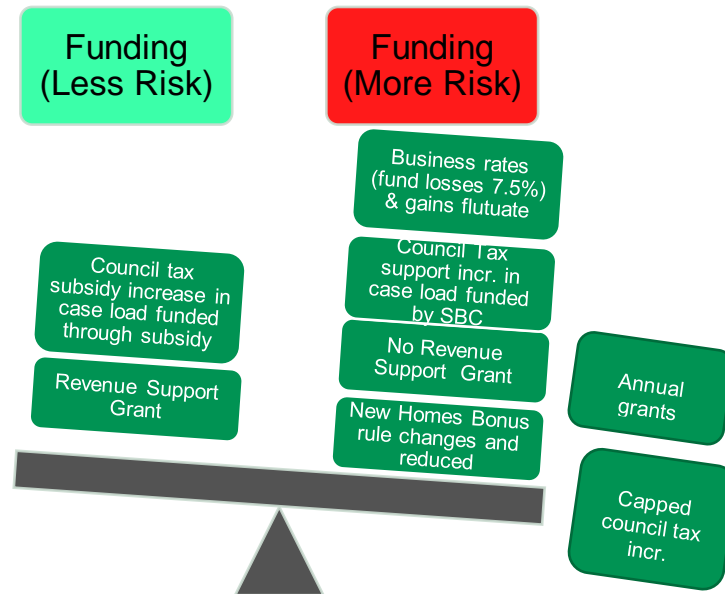
3.6 That ability to set a balanced budget and retain services has become harder with the financial impacts of grant loss, COVID and government policy changes requiring a sustained savings programme through the Financial Security programme and now the Making your money Count (MYMC) initiative to deliver cumulative savings of £11Million since 2010/11.

***Pyramid of Pressures for the General Fund***



3.7 At the same time there has been a transition towards more inherent risk in local government funding, with fluctuations in caseload and funding streams, together with annual grant funding for new burdens such as homeless

reduction Act, as illustrated below.



- 3.8 The December MYMC report identified inflationary pressures on the General Fund of £861,000 including an increase in national insurance for Adult Social Care of 1.25% for employers and a projected increase in utility and fuel costs. The combination of pressures identified meant budget reductions of at least £760K were required for 2022/23, which may need to be revised upwards in the event of further COVID losses.
- 3.9 The December MTFS report modelled a 2.26% increase in Council tax (or £5 on a Band D), which was included as an option in the 2022/23 provisional finance settlement. This would increase council tax raised next year by £199,641 and is in addition to the savings target outlined in paragraph 3.8.
- 3.10 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.



## 4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

### 4.1 Provisional Finance Settlement 2022/23

- 4.1.1 On 16 December 2021, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional local government finance

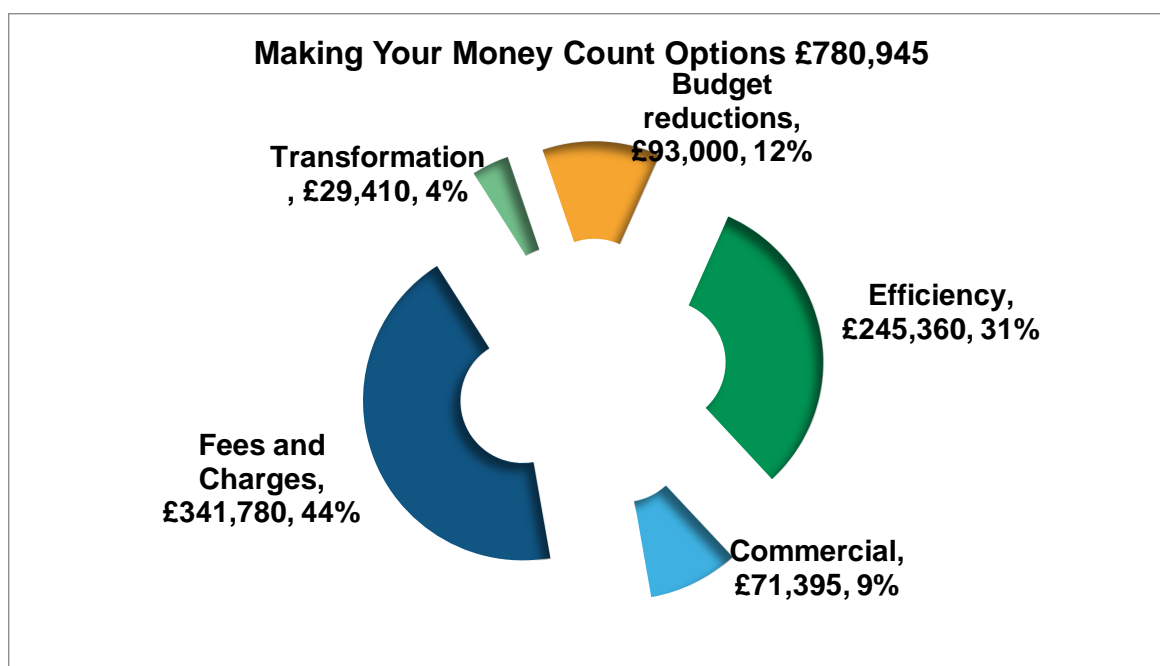
settlement 2022/23. The settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels.

- 4.1.2 A further year of lower tier services grant was given, with a total national value remaining unchanged at £111Million. Whilst the distribution methodology is the same as 2021/22 (mostly using 2013/14 SFA amounts, but partly providing a minimum funding guarantee so no authority has a reduction in CSP), individual authorities' allocations have changed, due to the minimum funding guarantee element, (Stevenage 2022/23 £115,932 compared to 2021/22 £140,043).
- 4.1.3 A Services Grant (Nationally £822Million) was also announced, it would appear that this means of distribution is for one year only, however the total funding amount is expected to be in each of the next two years settlements at a Core Spending Power (CSP) level. The methodology may change so the same level of funding is not guaranteed but this grant includes funding for the increased NICs burden and it might be reasonable to expect all authorities will get some level of funding going forward, (Stevenage 2022/23 £177,337).
- 4.1.4 The council tax referendum limit will be 2% for local authorities, with social care authorities allowed an additional 1% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5 (2.26% for Stevenage Borough Council), and that social care authorities will be allowed to 'catch up' any of the 3% referendum limit from last year which was unused.
- 4.1.5 As announced in the SR21, the business rates multiplier has been frozen for 2022/23. Therefore, the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain unchanged, (except for pilots, where amounts have increased to reflect grants rolled in). The under-indexing multiplier grant has been increased (by £375Million), in order that local authorities do not lose what would have been the increase to the multiplier.
- 4.1.6 The New Homes Bonus (NHB) 2022/23 allocations have been announced at £554Million, a reduction of £68Million, (part of the £1,526Million) on 2021/22. There have been no changes to the scheme for 2022/23, with a single year's new allocation made alongside the outstanding legacy payment for 2019/20. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22), the Stevenage NHB allowance has increased as a result of additional affordable homes created in the Borough by £23,800 to £32,200 over that estimated.
- 4.1.7 Top Up/Tariff Adjustments (Negative RSG) – As in previous years, the government has decided to eliminate the negative RSG amounts, this would have been a cost of £27,146 to Stevenage Borough Council in 2022/23.
- 4.1.8 A summary of the settlement versus the December MTFs assumptions are shown in the table below and funding is £280,430 higher than estimated, but as identified above this level of funding (Lower Service , Services Grant and NHB).

<b>Table 1 Provisional Finance Settlement (2022/23)</b>			
	<b>December MTFS</b>	<b>Settlement</b>	<b>Variance (= less)</b>
Business Rates	£2,572,848	£2,572,848	£0
Under indexing	£247,462	£211,363	(£36,099)
<b>Total Business Rates</b>	<b>£2,820,310</b>	<b>£2,784,211</b>	<b>(£36,099)</b>
New Homes Bonus (NHB (legacy payments))	£8,400	£32,200	£23,800
Lower Tier services grant	£0	£115,392	£115,392
2022-23 Services Grant	0	£177,337	£177,337
<b>Total</b>	<b>£2,828,710</b>	<b>£3,109,140</b>	<b>£280,430</b>

## 4.2 The MYMC Options

4.2.1 The MYMC options approved at the December Executive for consideration by Overview and Scrutiny totalled £792,945, this has been recalculated as £780,945, a reduction of £12,000. The ability to deliver savings, particularly in the current climate is becoming ever more difficult and decisions have to be made in weighing up increasing fees and charges versus reducing services, beyond any efficiency savings identified. The options summarised below are show those options met through the Transformation, commercial and insourcing programmes and the remainder through budget reductions, (detailed in Appendix A and B to this report).



4.2.2 The approval of fees and charges require a report to the Executive which was in December 2021 to be implemented in the main during January 2022 and are for note. The MYMC savings options as approved at the December Executive require the budget and policy process to be observed as set out in paragraph 3.10.

- 4.2.3 The 2022/23 budget options include some service reduction in order to meet the necessary level of savings required. The Executive Portfolio holders reviewed their areas of responsibility for discretionary spend in terms of:
- Level of spend
  - Ability to deliver so one or two larger savings versus multiple small savings with the former being preferred.
- 4.2.4 Two options have been put forward for Executive approval to close the funding gap and ensure financial resilience for the Council going forward. The options are summarised below and included in Appendix A.

<b>Table 2 2022/23 Funding the gap</b>				
<b>Service</b>	<b>Potential Staff Redundancy</b>	<b>Description</b>	<b>Service spend</b>	<b>General Fund</b>
Play Service	2	The proposal subject to consultation is to reduce the days the play centres are open in the school holidays by three days a week at each centre and for each day reduce by one hour. Pop up play and play outside of play centres would still be part of the offer, (full year saving £100K).	£514,150	£75,000
Funding for Co-operative Neighbourhoods	0	Seed funding was introduced from 2021/22, however CIL funding will be coming on stream in 2022/23 and it is proposed to use prior year under spends/ NDR gains once realised up to £60K to fund works	£18,000	£18,000
	<b>3</b>			<b>£93,000</b>

- 4.2.5 The decision to recommend reducing expenditure for the options is to ensure that the General Fund has sufficient balances and the ability to meet a requirement to contribute to balances by 2024/25 or earlier. In addition the Play option will also look to better utilise the buildings and remodel the service. Officers recommend play option one.
- 4.2.6 The impact of the options in terms of staffing reductions if all of the options are approved would result in an estimated three redundancies, (eight redundancies 2021/22), this is subject to consultation and is an indicative number currently.
- 4.2.7 The savings options in this report are all on-going and any inability to deliver them will require equivalent value replacement savings. The ability to deliver further savings is going to be challenging, the MYMC plan beyond 2022/23 is use the following tools to help meet the target through;
- Transformation of services with more on-line services.



- Insourcing and commercial options, including the expansion of the Revenue and Benefits shared service.
- The new leisure management procurement.

Any shortfall would need to be met from increased fees or service rationalisation.

- 4.2.8 The level of financial option outlined in the report may need to be revisited if the impact of COVID worsens than estimated and set out in outlined in paragraph 3.2. An update on the Council's finances will be presented to the June 2022 Executive to determine whether the action taken to ensure a resilient budget has been sufficient.

### 4.3 Growth and Pressure currently assumed in the General Fund 2022/23

- 4.3.1 The 2022/23 General Fund budget includes growth pressures of £1.65Million, of which 73% are COVID related. These were assumed in the December MYMC report and rationale is set out below.

Table 3- Pressures	2022/23	Comments
Garage asbestos issues	£265,720	The garages rectification works are likely to impact on garage rental income for 2022/23 and the income collectable has been reduced to reflect that. No impact has been assumed beyond 2022/23.
Garage improvement borrowing costs	£51,206	The garage improvement programme as approved by Members was part funded from borrowing and this is the budgeted increase for 2022/23
Reduction in commuted sums	£59,280	The Council receives sums for the maintenance of adopted playgrounds and land for a number of years. A number of these amounts have now ended
COVID costs	£1,199,365	COVID costs have been assumed within the budget based on latest information and as set out in paragraph 3.6
2022/23 growth bids	£75,000	A growth allowance was included in the budget and this is as set out in section 4.4
<b>Total Pressures identified</b>	<b>£1,650,570</b>	

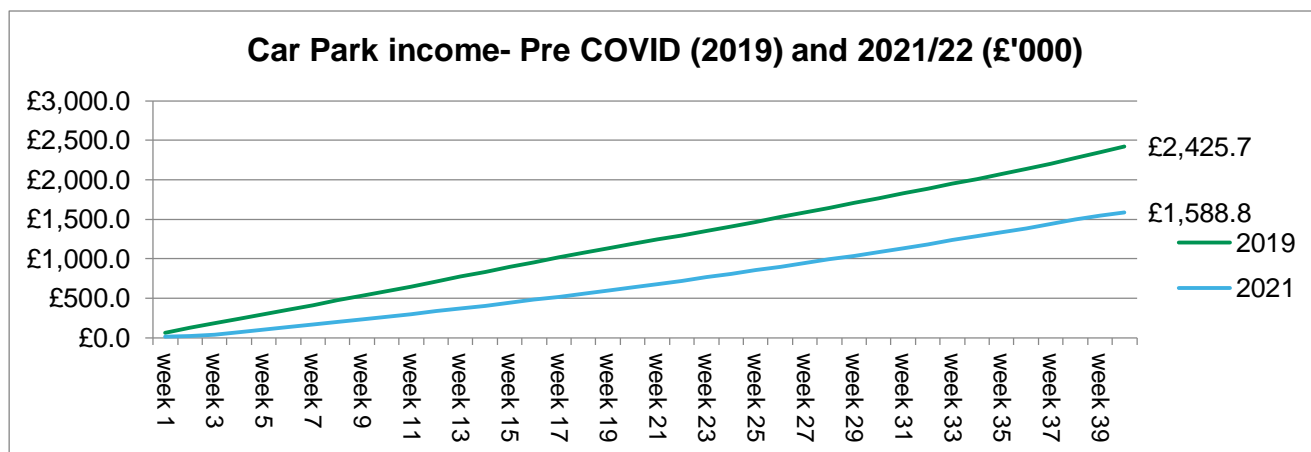
- 4.3.2 Since then an additional £122,770 of net costs has been identified as summarised below.

Table 4 -Draft Budget changes	MTFS	2022/23	Variance	Comments
Salary inflation	£652,469	£698,359	£45,890 ↑	Higher salary inflation as a result of changes to grades, increments and personnel
Contract and Utility inflation	£340,069	£370,119	£30,050 ↑	Increased inflationary pressures identified during budget setting
Business Rates Ridlin's stadium	£0	£33,280	£33,280 ↑	The stadium had never been business rated and the 2021/22 General Fund has a backdated bill for £160,000
Change in business rate relief for public conveniences (zero rated)	£8,410	£0	(£8,410) ↓	There has been a change in the rating for public conveniences and they no longer are chargeable for business rates
Increase projection in commercial premises income	(£4,258,000)	(£4,278,000)	(£20,000) ↓	Based on current lease renewals and lettings commercial income has been increased by £20,000
Reduction in budget for Trade Waste costs	£290,000	£265,000	(£25,000) ↓	Waste disposal costs based on the level of trade waste disposal and projected income levels is estimated to be £25K less for 2022/23.
Increase in HRA recharges	(£130,771)	(£141,361)	(£10,590) ↓	Based on higher inflation costs recharges to the HRA are projected to be higher.
Increase in motor and employer and Public Liability insurance premium increase and excess		£102,420	£102,420 ↑	The level of insurance premiums based on claims history and the current insurance market has meant a significant increase in premiums.
Other		(£24,870)	(£24,870) ↓	
<b>Total</b>	<b>(£3,097,822)</b>	<b>(£2,975,052)</b>	<b>£122,770</b>	

4.3.3 At the time of writing the report there were potential further additional costs from the Shared revenue and Benefits service SLA, however this was not

completed in time for publication of the report and will be updated in the final General Fund report for February.

- 4.3.5 The impact of the Governments Plan B and work from home if you can directive has impacted on the Council’s car parking income and the current 2021/22 projection of a loss of £1.5Million may be higher. This will be assessed in early January to determine the in-year impact.



- 4.3.4 These additional net pressures may increase the need for savings if balances are below the minimum level required for 2022/23 and may also increase the level of future savings beyond next year. This will be reviewed as part of the February final budget report and June 2022 MTFS update.

#### 4.4 Growth Options

- 4.4.1 The 2021 MTFS did include a small allowance (£75K) for priority growth and two bids were included for consideration by Members. At the December Executive a further growth bid was approved to help resource the climate change agenda for the Council (General Fund £45K and HRA £45K). This growth bid was welcomed at the December 2021 Overview and Scrutiny meeting and is now included in the draft budget proposals for consideration and summarised below.

Table 5- Growth Proposal	Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .	£ General Fund	£ HRA	£ Capital
New Climate change officer post and continuation of time limited resources approved for 2020/21-2021/22.	To meet the Climate Change agenda and deadline of zero emissions by 2030, a dedicated post is required (plus the continuation of time limited resources) to drive the priority forward across the Council.	£45,000	£45,000	

<b>Table 5- Growth Proposal</b>	<b>Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .</b>	<b>£ General Fund</b>	<b>£ HRA</b>	<b>£ Capital</b>
two new Regeneration officers to meet the increase in programme (Towns Fund, Levelling up, increased Regeneration activity)	The Team are at a critical phase in the business cases; it will be very intensive between now and Christmas to get the first half through, and then efforts will be redoubled January-March to get the 3 <sup>rd</sup> and 4 <sup>th</sup> tranches through. The additional two posts will increase capacity to deliver.	£56,718	£0	£25,482
Post to keep digital context for front line and back office staff	There is no post currently to keep the key central information (INTRANET) current, as a source of key data. This will allow up to date information to internal and external customers in a timely fashion.	£18,360	£18,360	£0
		<b>£120,078</b>	<b>£63,360</b>	<b>£25,482</b>

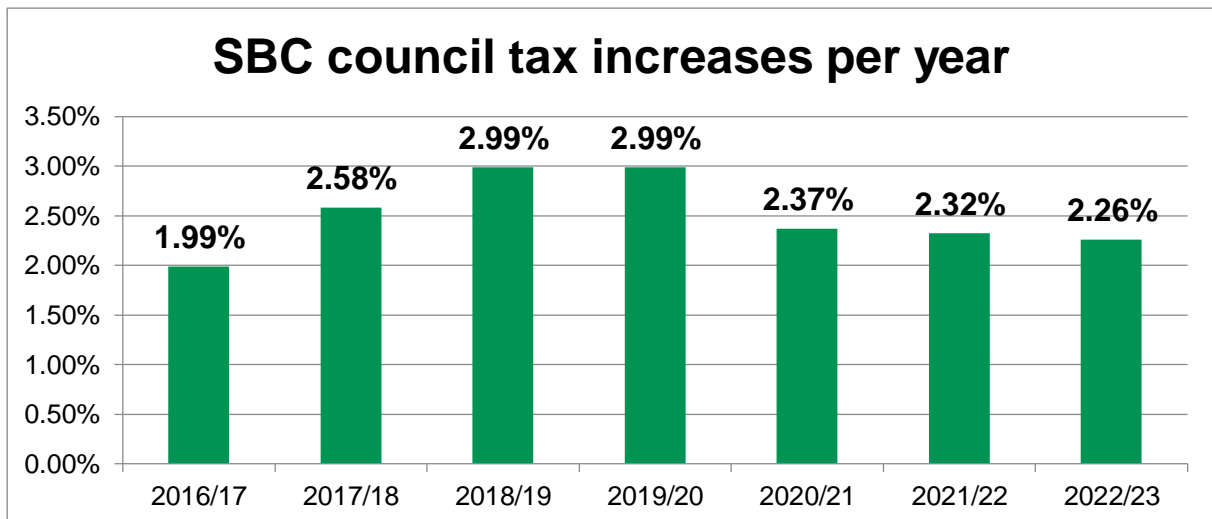
#### 4.5 Council Tax

4.5.1 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 (2.26%), whichever is the greater, before a referendum on an amount above this is required. The provisional settlement consultation does not closed until 13 January but the Draft Budget assumes the 2.26% increase.

4.5.2 The table below shows the increase per property band based on a 2.26% increase.

<b>Table 6-Council Tax increase modelled for Stevenage Precept 2022/23</b>				
<b>Council Tax band</b>	<b>2021/22</b>	<b>2.26% increase</b>	<b>Total cost per year</b>	<b>Total cost per week</b>
A	£147.05	£3.33	£150.38	£2.89
B	£171.56	£3.89	£175.45	£3.37
C	£196.06	£4.44	£200.50	£3.86
D	£220.57	£5.00	£225.57	£4.34
E	£269.59	£6.11	£275.70	£5.30
F	£318.60	£7.22	£325.82	£6.27
G	£367.62	£8.33	£375.95	£7.23
H	£441.14	£10.00	£451.14	£8.68

4.5.3 Increasing council tax by 2.26% versus 1.99% gives the Council an additional £17,098 per year, this is below inflation (CPI) and will be the lowest increase since 2016/17 as summarised below.



4.5.4 Council tax is a key funding resource and locally raised taxation has become more important to the General Fund for the reasons set out in paragraphs 3.6-3.8. As in previous years the council tax increase will not be agreed until the February Council meeting. Based on the increasing financial dependency of the General Fund budget the CFO recommends a 2.26% increase is considered by the Executive and Overview and Scrutiny Committee.

#### 4.6 Council Tax Support

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

4.6.2 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.

4.6.3 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 2022/23 and at the date of writing the report no response had been received from the PCC or HCC.

4.6.4 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 £143.87 for a Band C council home in 2021/22 on the total bill (an additional 25% discount for a single person) or £2.77 per week.

4.6.5 Members approved a resolution, in the October Executive Council Tax Support report, to retain the existing scheme for 2022/23. Members are recommended to agree the existing scheme updated for benefit changes for 2022/23.

## 4.7 Business Rates Income

- 4.7.1 The December MTFS only included the 2022/23 base line funding for business rates, or the amount the government has assessed the Council needs under its funding needs formula. Any gains above this are not guaranteed and have fluctuated from year to year and cannot therefore fund on-going spend.
- 4.7.2 The CFO recommended in the December MYMC report that unrealised gains in the business rate reserve, and any new 2022/23 gains that are subsequently forecast, are only allocated for spend (one off in nature), once achieved at the year end, due to the level of balances and the volatility in business rates from year to year. Any gains available shall be reported to Members for spending options in a June report, with a recommended use for Regeneration or Co-operative Neighbourhood one off spend.
- 4.7.3 The completion of the NDR1 form, (issued by the government) determines the level of business rates collectable, level of reliefs due in 2022/23, together with the current business rate yield in January. This has been delegated to the CFO after consultation with the Resources Portfolio holder to approve.
- 4.7.4 The government has announced new 2022/23 business reliefs for the retail and hospitality sector. The government compensates Councils for loss of business rates for these type of new reliefs by giving Section 31 grants, as they suppress the income yield and therefore the Council's share of business rates. Further guidance was received prior to Christmas and there will be a limit of £110,000 business rate relief per business (not by premise) and this includes subsidiaries in the business relationship. This means working out how much relief and therefore S31 grant is due is difficult to assess. This may require grant to be issued in April and businesses required to sign a declaration to determine whether if any other part of the business has claimed reliefs from other councils or subsidiaries. This is a change from the 2021/22 reliefs.
- 4.7.5 In order to complete the NNDR1 and the projected business rates for 2022/23 the year end release needs to go into system and tested and this means that a first draft will not be completed until 18-20 January and as such after the publication of the January draft budget report. Based on current data and with the caveats relating to extended reliefs, a first estimate has been made on existing information and must be heavily caveated until the system generated data is known in mid-January and shows a projected net gain of £420,918.

Table 7-Summary Business Rates	2022/23 Budget	Settlement	Variance
Business Rates SBC share	(£16,393,516)	(£18,002,194)	£1,608,678
S31	(£2,579,722)	(£211,363)	(£2,368,359)
Total Business Rates income	<b>(£18,973,238)</b>	<b>(£18,213,557)</b>	<b>(£759,681)</b>
Tariff	£15,429,346	£15,429,346	£0
Funding	(£3,543,892)	(£2,784,211)	(£759,681)
Levy	£338,763		£338,763
<b>Total Retained</b>	<b>(£3,205,129)</b>	<b>(£2,784,211)</b>	<b>(£420,918)</b>

4.7.6 This initial assessment shows gains above the baseline level of £2.57Million, however until the further work is completed this is indicative only, the position has also been complicated by a significant number of large appeals being settled for supermarkets which will impact on the collectable yield. In 2020/21 COVID has impacted the level of business rate yield, reducing gains significantly.

4.7.7 The 2021/22 business rates have also been projected and as in 2020/21, a significant repayment to the Collection Fund as a result of reliefs being announced (in March 2021) after the level of business rate had been approved for the year. The impact is shown below and currently no change to the overall surplus is projected.

	2021/22 Estimate	2021/22 Projected	Variance	Repay Collection Fund 2022/23
Business Rates	(£15,114,209)	(£15,114,209)	£0	£0
Business Rates Tariff	£15,429,346	£15,429,346	£0	
Levy	£412,640	£412,640	£0	
S31 grants NNDR	(£815,229)	(£3,886,781)*	(£3,071,552)	
Total in year business rates	<b>(£87,452)</b>	<b>(£3,159,004)</b>	<b>(£3,071,552)</b>	<b>£0</b>
Repay 2020/21 NDR losses to collection Fund in 2022/23				£387,834
<b>Total Repayment to the Collection Fund</b>				<b>£387,834</b>

*\*this needs to be updated for the newly announced CARF funding reliefs*

4.7.8 Any business rate gains in 2021/22 and 2022/23 have not increased General Fund balances with the majority of the gains transferred to the NDR allocated reserve until realised.

4.7.9 The balance of the gains in the NDR allocated reserve, which are not planned to be returned to the General Fund or are uncommitted as at the 31 March 2023, total £897,000. The December MYMC report recommended these (2021/22 for £474,000 and 2022/23 gains (£421,000) still to be realised) are only allocated for spend (one off in nature) once achieved year end; this is due to the level of balances and the volatility in business rates from year to year. Any gains available shall be reported to Members for spending options in a June report (2021/22 gains), but the CFO recommends that the primary purpose (of any such gain) should be to ensure the continued financial resilience of the Council and if required to be transferred to the Income Equalisation Reserve and thereafter, they are used for Regeneration or Co-operative Neighbourhood one off spend.

## 4.8 COVID grants announcements in December 2021

- 4.8.1 **COVID-19 Additional Relief Fund (CARF)** - The Government has announced the CARF scheme of £1.5 billion. The scheme is designed to support those businesses affected by the pandemic but that were ineligible for existing support linked to business rates. This support package was originally announced on 25 March 2021, but no details were provided until 15 December 2021. The Government will, in line with the eligibility criteria reimburse local authorities where relief is granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988. The full guidance is available at <https://www.gov.uk/government/publications/covid-19-additional-relief-fund-carf-local-authority-guidance>.
- 4.8.2 The guidance is intended to support billing authorities in administering the CARF business rates scheme and includes information on the eligibility criteria and operation of the scheme. Individual billing authorities are required to adopt a local scheme and determine in each individual case whether, having regard to this guidance and their own local scheme, to grant relief under section 47. The relief is available to reduce chargeable amounts in respect of 2021/22. **Stevenage has been allocated £2,610,059 of business relief funding.**
- 4.8.3 The main area of discretion is the allocation of funding between the qualifying businesses. However there is scope to exclude specific business types. The government has indicated that the scheme should not:
- award relief to ratepayers who, for the same period of the relief, either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS),
  - award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief), and
- the scheme should direct support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
- 4.8.5 A scheme is currently being designed to meet the criteria and there will need to be an application process. The Council's website has been updated to give relevant information until the scheme goes live in January 2022.
- 4.8.6 **ARG-** as a result of the on-going impact of COVID, with the Omicron variant and the implementation of the government's plan B restrictions, the Area Restrictions Grant (ARG) fourth scheme agreed in the December MYMC report has been paused and reviewed to ensure that it has targeted those businesses most likely to have suffered during December as a result of the continuation of the pandemic, and particularly the Omicron Variant. The revised scheme is shown at Appendix E and the revision has been signed off by the Resources Portfolio holder. The scheme will be advertised in January providing a month for businesses to apply to access the relevant grant. The



government has indicated there will potentially be more ARG funding for Councils and an announcement of allocations of funding is due in January.

4.8.7 **Omicron Hospitality and Leisure grants** -On 21 December 2021, the Government announced the introduction of a grant support for hospitality and leisure businesses in England. Guidance can be found at <https://www.gov.uk/government/news/1-billion-in-support-for-businesses-mostimpacted-by-omicron-across-the-uk>.

4.8.8 The scheme provides support to hospitality, leisure and accommodation businesses, in recognition that the rise of the Omicron variant means they are likely to struggle over Christmas period and coming weeks. This is a one-off grant funding scheme. Applications have to be made and the scheme must close on 28 February 2022, with all payments being made by 31 March 2022. The amount awarded is based on the rateable value of the business premises on 30 December 2021 as follows:-

Omicron grant- Applicability	Grant £
Businesses with a rateable value on the 30 December 2021:	
£15,000 or under	£2,667
Over £15,000 and less than £51,000	£4,000
£51,000 and over	£6,000

4.8.9 The Government defines qualifying businesses in the following categories:

- Hospitality definition: a business whose main function is to provide a venue for the consumption and sale of food and drink
- Leisure definition: a business that provides opportunities, experiences and facilities, in particular for culture, recreation, entertainment, celebratory events, days and nights out, betting and gaming
- Accommodation definition: a business whose main lodging provision is used for holiday, travel and other purposes.

#### 4.9 2022/23 General Fund Net Expenditure

4.9.1 The 2021/22 projected and the 2022/23 draft General Fund net expenditure is summarised below, including the changes from the December 2021 report. The 2021/22 net budget has increased by £577,200 or £156,280 (excluding the transfer of those business rate gains), compared to the December's MTFS.

Table 8 Summary of 2022/23 budget movements	On-going	£	On-going £
Total Net budget reported December 2021		£10,427,020	
Table 1- New Homes Bonus increase in income	N	(£23,800)	
Reduction in 2022/23 savings options (para 4.2.1)	Y	£12,000	£12,000
Table 4- Draft budget changes	Y	£122,770	£122,770
Table 5- Climate Change growth option (approved at December Executive)	Y	£45,000	£45,000

<b>Table 8 Summary of 2022/23 budget movements</b>	<b>On-going</b>	<b>£</b>	<b>On-going £</b>
Table 5- Transfer 2022/23 NDR gains to allocated reserve	N	£420,920	
Other	Y	£310	£310
<b>Total budget movements</b>		<b>£577,200</b>	<b>£180,080</b>
<b>Updated General Fund 2022/23 net budget</b>		<b>£11,004,220</b>	

4.9.2 There is an on-going adverse impact on balances for future years of £180,080, this will increase the need for further savings for 2023/24 and the CFO recommends that Transformation savings when identified should be taken in 2022/23 to improve the resilience of the General Fund budget.

#### 4.10 2021/22 General Fund working budget

4.10.1 The 2021/22 Net General Fund Budget has increased by £58,000 a summary is shown in the table below.

<b>Table 8 Summary of 2021/22 budget movements</b>	<b>On-going</b>	<b>£</b>	<b>On-going £</b>
Quarter 2 working budget		£11,697,780	
Backdated Ridlin's Business rates (see also Table 4)	Y	£160,000	£33,280
Rental for space at Daneshill	N	(£105,000)	
Works to Daneshill house (asbestos removal and new ways of working)	N	£46,000	
COVID grants			
BEIS (4) administration costs for business grants	N	(£73,000)	
Protect and vaccinate rough sleepers funding	N	(£185,164)	
COVID spend relating to grants	N	£215,164	
<b>Total budget movements</b>		<b>£58,000</b>	<b>£33,280</b>
<b>Updated General Fund 2021/22 net budget</b>		<b>£11,755,780</b>	

#### 4.11 Projected General Fund Balances

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

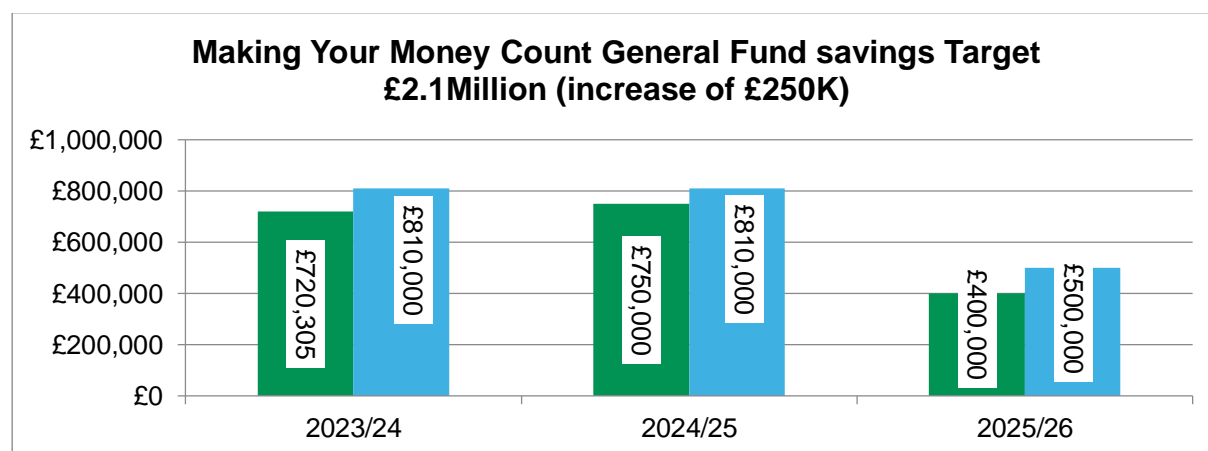
<b>Table 9-General Fund Budget</b>	<b>2021/22 Estimate</b>	<b>2021/22 Projected</b>	<b>2022/23 Estimate</b>
Net Expenditure	£10,635,570	£11,755,780	£11,004,220
(Use of)/ Contribution to Balances	(£326,067)	(£1,458,915)	(£1,238,955)
<b>Budget Requirement</b>	<b>£10,309,503</b>	<b>£10,296,865</b>	<b>£9,765,265</b>
Lower Tier Grant	(£140,043)	(£140,043)	(£115,392)

Table 9-General Fund Budget	2021/22 Estimate	2021/22 Projected	2022/23 Estimate
Council tax Support grant	(£118,859)	(£118,859)	
Service Grant	£0	£0	(£177,337)
Total grant support	<b>(£258,902)</b>	<b>(£258,902)</b>	<b>(£292,730)</b>
Business Rates net of tariff and levy	(£2,343,779)	(£2,343,779)	(£625,407)
S31 grants NNDR	(£815,229)	(£3,886,781)*	(£2,579,722)
Total in year business rates	<b>(£3,159,008)</b>	<b>(£6,230,560)</b>	<b>(£3,205,129)</b>
(Return) /Contribution to Collection Fund (NDR) re 2021/22	£0	£0	£3,071,552
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£8,547,930	£8,581,365	£387,834
(Return) /Contribution to Collection Fund (NDR) pre 2020/21	(£821,128)	(£821,128)	£0
Transfer from NNDR reserve	(£8,461,090)	(£5,410,335)	(£3,359,908)
Collection Fund Surplus (ctax)	(£40,152)	(£40,152)	(£50,090)
Council Tax Requirement	£6,117,154	£6,117,154	£6,316,795
Council Tax Base	27,734	27,734	28,004
Council Tax Band D	£220.57	£220.57	£225.57
Council Tax Band C	£196.07	£196.07	£200.51

\*needs to be updated for the impact of CARF funding Para 4.8.1

#### 4.12 Revision of Financial Security Targets Future Years

4.12.1 The Financial Security target for 2023/24-2025/26 has been revised as a result of the further service pressures identified in this report and as set out in Table Eight in this report is now £2.1Million, as summarised below, an increase of £250K on the previous target. This will need to be reviewed at the next MTFS update to ensure firstly that there is a contribution to balances by 2024/25 and secondly to reflect any further impacts of COVID on the General Fund.



4.12.2 This savings target is based on the following pressures and funding assumptions.

<b>Table 10-Rationale for Savings Target</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pressures above the base budget:</b>				
Homeless costs	£410,000	£310,000	£310,000	£60,000
Car Parking losses	£719,760	£0	£0	£0
Garage rental losses	£265,720	£0	£0	£0
Commercial rent bad debt provision	£129,601	£120,000	£120,000	£120,000
Contribution to income equalisation reserve	£150,000	£100,000	£0	£0
<b>Total</b>	<b>£1,675,081</b>	<b>£530,000</b>	<b>£430,000</b>	<b>£180,000</b>
<b>Funding increases:</b>				
Additional grant funding in settlement	(£292,730)	(£120,000)	(£120,000)	£0
<b>Net Pressures</b>	<b>£1,382,351</b>	<b>£410,000</b>	<b>£310,000</b>	<b>£180,000</b>

- 4.12.3 Savings targets beyond 2022/23 are predicated on an improving position for both garage and car parking income and a reduction in homeless costs. There are other risks in addition to those shown above which are summarised below.

<b>Expenditure and Income</b>	<b>Table 11 – Risks to Financial Resilience</b>	<b>Risk (to increase cost)</b>
<b>Inflation</b>	supply chains issues have led to scarcity of materials and HGV drivers, which impact on the cost of service delivery	high
	2021/22 pay award rejected by the unions, 2022/23 pay inflation could increase with as a result of general inflation increases	high
	Projections for inflation of CPI at 4% will exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services.	high
	The National insurance increase announced for social care will increase contractual commitments	high
<b>COVID</b>	The cost of COVID maybe on-going to the Council as a result of higher homeless costs and lower fees and charges	high
	The impact of COVID on the Council's leisure provider may lead to requests for further support above that given in 2020/21	high
<b>Core funding</b>	The government has signalled a business rate reset in which current gains could be removed through a higher tariff applied to business rates retained	high
	The Fair Funding review could reduce the level of funding deemed by the government to be required by the Council	Medium

Expenditure and Income	Table 11 – Risks to Financial Resilience	Risk (to increase cost)
	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high
	There is uncertainty around future years government funding with only a high level three year settlement figure announced in the budget	high

4.12.4 Due to the level of risk outlined above and the assumptions that the Council's three main income streams garages, commercial rents and car parking will in the main achieve pre-2020/21 levels beyond 2022/23, the CFO recommends that savings up to a value of £250K are identified that could be implemented if the General Fund financial resilience reduced and the Executive is updated at the June 2022 Executive.

4.12.5 The MYMC 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.

#### **4.13 Risk Assessment of General Fund balances**

4.13.1 The General Fund balances have been risk assessed for 2022/23 and the minimum level of balances required is £3,471,038, (£3,653,529, 2021/22)

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.

4.13.3 The impact of COVID on fees and increased costs is included in the risk assessment with an additional £1Million, (£750K fees and £250K costs) in addition to that assumed within the budget.

#### **4.14 General Fund Reserve Projections**

4.14.1 General Fund balances are projected to be £3.4Million by 2025/26 which means a reduction of £3Million from balances held at 1 April 2021.

Table 12 GF Balances £'000	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Revised Balances at 31 March each Year:</b>					
<b>use of balances</b>	(£6,401)	(£4,942)	(£3,703)	(£3,243)	(£3,256)
<b>General fund Balance 1 March</b>	£1,459	£1,239	£460	(£13)	(£130)
	(£4,942)	(£3,703)	(£3,243)	(£3,256)	(£3,386)

4.14.2 The 2022/23 projected year end balances are £3,703,005 which is £231,967 above the risk assessed balances of £3,471,038, this is only a minimal cushion above the assessed level of reserves, however the risk assessed balances does include £1Million for COVID fee losses and additional costs.

This further enforces the recommendation in paragraph 4.12.4 to identify £250K of further potential savings.

#### 4.15 Contingency Sums

4.15.1 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 2022/23, this remains unchanged from the current year, however due regard will need to be given to breaching minimum balances.

#### 4.16 Allocated Reserves

4.16.1 The allocated reserves as at 31 March 2023 are estimated to be £3.243Million, if the Business Rates Reserve NNDR S31 grants is excluded there is a planned use of £1.8Million of reserves between 1 April 2021 and the 31 March 2023. The allocated reserves are summarised in the following table.

Movements to/from Allocated Reserves £'000					
Allocated Reserve	Balance as at 1 April 2021	Anticipate d transfer to /from reserves	Forecast balance as at 31 March 2022	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2023
New Homes Bonus	(£469)	£230	(£239)	£234	(£5)
Transformation Reserve	(£330)	£0	(£330)	£230	(£100)
Business Rates Reserve	(£1,644)	£552	(£1,092)	£25	(£1,067)
Business Rates Reserve S31 grants	(£9,059)	£5,410	(£3,649)	£3,360	(£289)
Homeless and Rough Sleeper reserve	(£370)	£193	(£176)	£0	(£176)
Regeneration Assets	(£1,017)	£253	(£764)	(£31)	(£795)
Insurance Reserve	(£76)	£65	(£11)	£0	(£11)
Regeneration Fund (SG1)	(£746)	£206	(£540)	£295	(£245)
Town Centre	(£81)	£0	(£81)	£0	(£81)
Planning Delivery Grant	(£65)	£0	(£65)	£0	(£65)
Income equalisation reserve	(£8)	(£250)	(£258)	(£150)	(£408)
<b>Total</b>	<b>(£13,864)</b>	<b>£6,659</b>	<b>(£7,205)</b>	<b>£3,963</b>	<b>(£3,243)</b>

4.16.2 The use of reserves does not take into account any use of the Income Equalisation reserve which may be required in 2022/23, particularly if fee

income is impacted by COVID. The NDR reserves balances are based on the level of business rates as set out in section 4.7.

4.16.3 The SG1 Regeneration reserve balance is projected to total £245K by the 31 March 2023 and is likely to need additional funding from 2023/24 onwards and business rate gains could be utilised to do this.

#### **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 multiple challenges as set out in this report in paragraphs 3.6 -3.8. The financial strategy to deal with this is the 'Making Your Money Count' (MYMC) 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 MYMC 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 but as yet does not meet the principle aim of the MTFS to: 'achieve an on-going balanced budget until by 2024/25 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 financial risk and an update to the June 2022 Executive is planned to give an early indication if further financial resilience measures are required in year. This has been a difficult budget to set, particularly the need to increase fees and charges when the economy is still impacted by COVID versus reducing services and making savings. The financial resilience measures taken/for approval which increase the security of the Council's position, are:

- A June 2022 General Fund MTFS update to the Executive.
- A risk assessment of balances to ensure general reserves held take into account increased risk including an increase for further COVID losses.
- The establishment of an income equalisation reserve (£408,000 by 31 March 2023) which can be returned to the General Fund if fees and charges are lower than projected.
- 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 a sufficient level of on-going MYMC options to ensure General Fund balances are above or at the minimum level required for 2022/23.
- Use of any business rate gains only when realised and ring fenced to maintain the financial resilience of the General Fund and thereafter FTFC priorities.
- A transformation programme to deliver savings from 2023/24 onwards.

4.17.6 There is small contribution to balances projected in 2024/25, however there is a significant draw on balances through the MTFS period and a need to deliver savings through the MTFS timeframe.

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 2022/23 budget, if all options included in the report are approved. However the CFO considers that options totalling £250,000, as set out in paragraph 4.14.2, are brought forward in the June 2022 MTFS update report should the level of reserves subsequently be projected to be lower due to further COVID losses and/or other pressures, in order to improve financial resilience.

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, met on three occasions in October and November to consider the rates of efficiency, commercial and fees and charges. There was majority support by LFSG for the efficiency, commercial and fees and charges options. The comments from LFSG were contained in the December 2021 MYMC report.

4.18.2 LFSG supported the higher fees and charges levels (option 3) (majority view) and as approved at the December 2022 Executive also recognising the need to balance fee increases versus service reductions.

4.18.3 LFSG also supported the MYMC options with the exception of the reduce options which were not finalised at the time the group met. However a majority supported a reduction to the cost of play (67%) when asked to rank five service areas where a saving (if the Council had to make a reduction to balance the budget) from a discretionary area of spend.

4.18.4 There were a number of questions and points made on savings options and fees and charges which were:

- Advertising for car park season tickets is not widely known and needs to be better promoted.



- The group asked officers to review Corey's Mill parking to be better aligned with NHS pricing and requested a further option (option 3).
- The group asked if the stay period at Corey's Mill could be extended beyond the three hours and were advised a traffic control order would be required. A shorter parking period was required to ensure that there was parking available at the site, however the AD Planning & Regeneration sort to look at the possibility of extending the stay time to four hours during 2022/23.
- The free parking Saturdays were questioned as to their ability to increase footfall into the Town Centre and the AD Planning & Regeneration undertook to see if the monetary value of lost parking income could be better utilised to increase town centre footfall
- Members recommended that EV charging was a chargeable service and should not be offered free on-street or in car parks, this would be a growing cost as the number of electric powered cars increases.
- The increase in pre-application fees was queried as to the level of increase in fees. Officers explained that a review by the Commercial Manager working with the service had revised charges based on recovering the staff costs to deliver the advice.
- LFSG supported the removal of discounts on parking (through the use of validators) for a number of hotels and other businesses in the town, but also suggested this should not be available for the leisure providers, this was not recommended as part of the officer proposal.
- Members asked for a list of payments to charities and organisations, which is being compiled for review by LFSG (for contributions over £5K).
- One Member asked whether recycling was promoted enough and whether the Council was achieving income from the sale of recyclates. LFSG were advised that recyclate pricing had been suppressed but had recovered during 2021/22, but was subject to significant price fluctuations.

#### **4.19 Consultation**

- 4.19.1 In October and November 2021, the Council undertook a survey among residents into how they perceive Stevenage Borough Council services and their local area. The information gathered from residents helps to provide insight on their priorities for the town, the extent to which the Council is perceived to provide value for money and how well services are meeting resident expectations. The full findings of the survey are still being analysed and service areas are beginning to develop actions in response.
- 4.19.2 The full findings of the survey will be shared with the Executive and the Neighbourhood meetings throughout February. This will enable all Councillors to understand perceptions and findings for the town as a whole, and specific priorities and challenges in local areas, and to help shape how the Council responds to the findings. Ahead of this, the outcomes from key questions on preferred ways for the Council to achieve financial resilience as a result of cuts to the funding it receives, and views on whether the council tax paid to Stevenage Borough Council provides value for money, are shared below given their direct relevance to the budget setting process.

4.19.3 The 2021/22 Residents survey shows that resident's preferences are firstly to reduce costs through more on line services. This was ranked the highest (out of five options in 2021 and 2017) with 41% of those responding to the survey indicating that this was their preferred option; this first rate ranking has increased from 2017 and supports the Transformation programme as a method to reduce costs.

<b>Please tell us your order of preference for each of the following options by ordering them 1 to 5</b>	<b>2021 rank</b>	<b>2017 rank</b>	<b>1st</b>
Reduce time and money spent on paperwork by interacting with more residents and customers online	1	1	41%
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	2	3	24%
Spend less by reducing or cutting the services that you tell us are not a priority	3	2	16%
Make money by selling more of our services to residents and customers	4	5	9%
Increase our element of Council Tax (for example from 51p per day to 55p per day)	5	4	10%

4.19.4 The 2021 residents' survey asked residents whether the council tax represented value for money and whilst those strongly disagreeing have increased (from 7% to 15%), overall 52% (up from 46% in 2017) agree it is value for money (as shown in the chart below).

	<b>Responses</b>	<b>2021</b>	<b>2017</b>	<b>2015</b>	<b>2013</b>	<b>2011</b>
<b>To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?</b>	Strongly agree	16%	10%	7%	6%	6%
	Tend to agree	36%	36%	39%	39%	40%
	Neither	18%	30%	30%	35%	33%
	Tend to disagree	10%	17%	18%	17%	16%
	Strongly disagree	15%	7%	6%	5%	5%
	Don't know (DNRO)	4%				
	<b>Summary: Agree</b>	<b>52%</b>	<b>46%</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>
	<b>Summary: Disagree</b>	<b>26%</b>	<b>24%</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

5.1.1 The report deals with Council 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 Policy Implications**

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

## **5.4 Staffing and Accommodation Implications**

- 5.4.1 The 2022/23 budget options include staff implications and these are summarised in paragraph 4.2.6. All the options are subject to consultation and the financial outcomes assumed may change as a result of that consultation taking place.
- 5.4.2 In compliance with SBC's Organisational Change Policy any proposals involving potential redundancies will be fully consulted on with the trade unions and affected staff for a minimum 30-day consultation period, and again may therefore change depending on the outcomes of the consultation process.
- 5.4.3 Officers will continue to work in an open and transparent way with the trades unions, and will provide them with the information required, in accordance with statutory requirements and best employment practice, as soon as this is available. The trades unions will be provided with all relevant information in accordance with the Council's legal obligations.
- 5.4.4 Wherever possible staff who find themselves in a redundancy situation will be redeployed to a suitable alternative post. If that redeployment results in the staff affected moving into a lower-graded, post pay protection will apply for a 12-month period.

## **5.5 Equal Opportunities Implications**

- 5.5.1 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 its 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.

- 5.5.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2022.
- 5.5.3 To inform the decisions about the Budget 2022/23 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 2022. 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 D** 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.
- 5.5.4 An overarching EqIA will also be developed once individual EqIAs are finalised for Council in February 2022. This will consider the collective impact of the Budget on people with protected characteristics.
- 5.5.5 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 Leadership Team. All staff impacts are summarised at **Appendix E**.
- 5.5.6 The staff EQIA recognises that the options identified in Appendix A impact adversely on woman staff members.

## **5.6 Risk Implications**

- 5.6.1 There are risk implications to setting a prudent General Fund budget if the Financial Security options identified in Appendix A are not achieved and crucially if future options are not found to meet the targets outlined in the report.
- 5.6.2 There are a number of risks that have been identified and these are set out in the report.

## **5.7 Climate Change Implications**

- 5.7.1 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 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Councils carbon footprint.
- 5.7.2 This report recommends a growth bid for a Climate Change post to support the Council's resolution to meet the 2030 date.

## **6.0 BACKGROUND DOCUMENTS**

BD1 General Fund Medium Term Financial Strategy (2021/22-2025/26)

BD2 Making Your Money Count Options December 2021 Executive

## **7.0 APPENDICES**

Appendix A General Fund and HRA Budget Options 2022/23

Appendix B Fees and Charges 2022/23

Appendix C Risk Assessment of Balances 2022/23

Appendix D Equalities Impact Assessment overview

Appendix E Staff Equalities Impact Assessment

Appendix F Revised ARG 4 scheme