

5 REVISED ESTIMATE 2020/21 AND MEDIUM-TERM FINANCIAL STRATEGY (PR/20/3)

The Committee received the report of the Chief Finance Officer, which asked Members to consider the content of the report and make any comments on the proposed revised Budget for 2020-21, and updated Medium-Term Financial Strategy (MTFS), prior to consideration by Council later in September 2020.

The Chief Finance Officer explained that for the General Fund and the HRA three scenarios, 'best', 'mid' and 'worst' case, had been modelled over the 10 years from 2021-22 to 2030-31 and were attached at appendix A of the report, the mid-case scenarios were proposed as the framework for the forthcoming budget.

Members acknowledged that Covid-19 had, and continued to have, a significant impact on the Council's finances. As at the end of July 2020 the full year forecast for 2020-21 totalled £3.8m, it was confirmed that £1.068m had been received from the Government to help off-set these impacts. The key assumptions that underpinned the strategy had been updated, and this forecast had informed the revised estimate put forward for approval, with £1.44m New Homes Bonus proposed to be diverted from reserves to help mitigate the impacts. Based on current assumptions a surplus of £43k was forecast but given the risk and volatility as a result of the virus, this could change.

The Chief Finance Officer explained that the MTFS highlighted further delays to the Fair Funding Review and the reform of the Business rates Retention system, as a result of Covid-19. It was assumed therefore that the settlement for 2021-22 would be another roll-forward, which could result in a further year of the renewable energy business rates income.

It was highlighted that the MTFS mid-case scenario assumed a Council Tax rise of £5 (2.8%) for 2021-22, which mirrored the referendum principles that applied in 2020/21, and an on-going CPI +1% increase in housing rents.

The Committee were informed that the MTFS also set out the Council's reserves strategy which sought to set aside sums to cover known commitments and cover financial risk, as well as earmarking resources to support delivery of the "Council Plan".

The Chief Finance Officer assured Members that despite the challenges faced, the Council was in a strong financial position but savings remained a key feature of the budget going forward.

A query was raised regarding the savings requirement which identified an estimated rise to between £2.4m and £2.9m over the next 3 years; with savings of £848k p.a. already planned from which area's would the further £2m be identified. It was confirmed that at this time the report was to highlight the potential savings identified and that it would be subject to

discussion with Members.

Members queried what effect the government's plans to introduce unitary authorities would have on the budget. The Chief Finance Officer stated that the MTFs assumed that the Council was a going concern. The Lead Executive Member for Finance and Resources assured Members that the Executive were keen to ensure that Selby District Council's resources would be used for the benefit of Selby District.

In response to queries regarding Council employees in respect of the furlough system operated by the Government, and whose decision it was not to furlough any of the Council's personnel, and the impact of the pay award which included one extra annual leave day, it was confirmed that the rules around furloughing staff had been very strict and that as local authorities had received government grants it was felt that it would be inappropriate to furlough staff. It was further confirmed that staff across the organisation had come together to help different teams to aid in the work of awarding government business grants and safeguarding vulnerable people within our community. In terms of the associated benefits within the pay award it was noted that beyond the estimates included within the revised budget there would not be a significant financial impact.

Concern was raised regarding the proposal to divert the New Homes Bonus from reserves to help mitigate the impacts of Covid and it was suggested that Community Infrastructure Levy (CIL) reserves be used for the purpose. It was explained that the CIL reserves were restricted to the uses specified through the planning process. The Lead Executive Member for Finance and Resources further explained that the Council had no control over the CIL monies and that it was for each Parish Council to make a claim.

Discussion took place regarding the proposed £5 increase in Council Tax for 2021-22 and whether this amount had been agreed, the Chief Finance Officer informed Members that the amount had not been agreed and that the final decision would sit with Council. There were mixed views about increasing Council Tax particularly when savings were needed but local communities had been hit by the pandemic and were struggling financially.

RESOLVED:

- i. **To note the revised Budget for 2020/21 and the update to the Medium-Term Financial Strategy (MTFS) covering both the General Fund and Housing Revenue Account (HRA).**
- ii. **To note the Policy Review Committee's comments as detailed above.**