

Extract from Policy Review Committee Minutes 12 January 2021

21 DRAFT REVENUE BUDGET AND CAPITAL PROGRAMME 2021-22 AND MEDIUM-TERM FINANCIAL PLAN (PR/20/9)

The Committee received the report of the Chief Finance Officer which asked the Committee to provide comments on the Draft Revenue Budget, Capital Programme and Medium-Term Financial Plan 2021-2022.

Also in attendance at the meeting was Councillor L Lunn, Lead Executive Member for Finance and Resources.

Officers explained that the report presented the draft revenue budget, capital programmes and the Programme for Growth for 2021/22 to 2023/24. Subject to the confirmation of the Local Government Finance Settlement and Council Tax level, the 2021/22 budget was expected to require £2.270m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

Members noted that a Council Tax freeze for 2021/22 was proposed; this was a departure from the approved Medium-Term Financial Strategy (MTFS) and had added £160k p.a. to the forecast deficits. A CPI+1% increase was assumed for housing rents.

The Committee were informed that in 2021/22 (subject to confirmation of these receipts) it was proposed that £9.2m of renewable energy business rates be transferred to the Business Rates Equalisation Reserve. This would help to provide future support to the revenue budget as capacity was, in the shorter term, diverted towards the on-going Covid-19 response and existing investment programmes.

Officers went on to explain that the Medium-Term Financial Plan (3-year draft budget) showed there was an underlying gap between core spending (with spending reflecting the budget risk highlighted in the MTFS) and current assumed core funding as a result of New Homes Bonus being phased out and the renewable energy business rates windfalls ceasing. Beyond 2021/22 the Council awaited the outcome of the Government's Fair Funding Review, further consultation on the future of New Homes Bonus and reform of the Business Rates Retention System, to confirm the need for and level of future savings.

Members acknowledged that there was capacity in reserves to smooth the impact of funding reductions and the draft budget proposed deferring

savings until 2023/24 when the outcome of the Fairer Funding Review should be known. However, the on-going use of reserves to support the revenue budget was not a long-term sustainable solution and therefore achievement of efficiency savings and additional income generation remained crucial as plans for Business Rates and Council Tax growth were brought to fruition, and opportunities for savings would continue to be captured as they arose.

Officers confirmed that the draft budget was subject to public consultation before the Executive finalised their proposals in February 2021.

Members were pleased to note that the proposal was to freeze council tax for the 2021-22 year, as many people were under a great deal of financial pressure due to the Covid-19 pandemic. It was suggested by some Members that rents should also have been frozen.

The Committee asked a number of questions relating to the improvement of industrial units, grants, loans, savings and rents.

Officers confirmed that numerous Council resources would be directed towards tackling Covid-19 in the coming year, and that the majority of proposed savings would be pushed back. Members were reminded that with regards to housing rents, this was a ringfenced account and as such these monies would go directly back into the service in order to invest in the planned improvements to tenants' homes.

RESOLVED:

The Policy Review Committee endorsed the Executive's draft budget proposals for 2021-22 including the proposed freeze in Council Tax.