



Report Reference Number: E/21/32

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Ward(s) Affected: All
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Title: Draft Revenue Budget and Capital Programme 2022/23 and Medium-Term Financial Plan

Summary:

This report presents the draft revenue budget; capital programmes and the Programme for Growth for 2022/23. As a result of local government re-organisation in North Yorkshire from April 2023, this will be Selby's last budget. The report also presents indicative budgets and planned programmes for 2023/24 and 2024/25 to enable the impact of recurring proposals to be viewed over the medium term and to support a smooth transition to the new unitary council in North Yorkshire. This approach provides the new council with an understanding of the pressures and opportunities facing Selby District, and investments planned by members.

Subject to the confirmation of the Local Government Finance Settlement and Council Tax level, the 2022/23 budget is expected to require £4.25m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

For the purpose of this draft budget, a Council Tax freeze for 2022/23 is proposed. This is a departure from the approved Medium-Term Financial Strategy (MTFS) and adds £119k p.a. to the forecast deficits. A CPI+1% increase is assumed for housing rents.

In 2021/22 the £9.2m of renewable energy business rates were transferred to the Business Rates Equalisation Reserve and then subsequently applied to the Programme for Growth as part of the MTFS approved by Council in July. For 2022/23 no assumptions have been made at this stage, pending the Local Government Finance Settlement. Current policy would be to allocate such receipts from 2023/24.

The Medium-Term Financial Plan (3 year draft budget) shows there is an underlying gap between 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. We continue to await the outcome of the Government's Fair Funding Review, and reform of the Business Rates Retention System, to confirm the level of future savings.

There is capacity in reserves to smooth the impact of funding reductions and this draft budget confirms the deferral savings until 2024/25. However, the on-going use of reserves to support the revenue budget is not a long-term sustainable solution and therefore achievement of efficiency savings and additional income generation remain crucial.

The budget proposals include a number of discretionary growth bids, along with contingencies to support the LGR transition and on-going Covid impacts.

The draft budget is subject to public consultation before the Executive finalise their proposals in February 2022.

Recommendation:

That the draft budget proposals be approved for 6 weeks public consultation with effect from 3 December 2021 and submitted to Policy Review Committee for comments.

Reasons for recommendation

To enable the views of the public, local businesses, Policy Review Committee and other stakeholders to be gathered through consultation, prior to the Executive finalising their budget proposals for Council consideration.

1. Introduction and background

- 1.1 On 21 July 2021, the government announced that the county, district and borough councils in North Yorkshire will be replaced by a new unitary council. The new council will begin to operate on 1 April 2023. This therefore means that the 2022/23 budget for Selby District Council will be its last.
- 1.2 This clearly has implications for the period covered by the existing Financial Strategy and removes the need for a budget beyond next financial year. However, the council is obligated to hand over its affairs to the new organisation in the best state it can, and this means continuing to tackle known budgetary issues.
- 1.3 The financial implications of Local Government Reorganisation (LGR) are not yet fully understood but there will be continuing updates to members as the next few months progress. It is likely that locally agreed protocols on spending for all councils will be put in place to ensure that the new council is aware of financial issues that will impact on it. However the decision and other agreements do not affect the requirement on Selby District Council to set a legal budget for 2022/23 that addresses the Council's aims and objectives. It is also expected that all existing councils will be responsible for their own

backfilling and/or external support requirements in support of the implementation of the new Council.

- 1.4 The Council approved its Medium-Term Financial Strategy (MTFS) on 22 July 2021. The MTFS covers both General Fund activities and the Housing Revenue Account and provides the strategic financial framework for annual budget setting and medium-term financial planning.
- 1.3 At the time of writing this report we await the Government's provisional Local Government Finance Settlement – any necessary changes as a result of the settlement will be incorporated into the final budget proposals to be considered by the Executive in February 2022.
- 1.4 The draft budget proposals include provision for known contractual risks identified in the MTFS and the resources needed to deal with on-going backlogs as a result of the Council's Covid recovery arrangements.
- 1.5 The MTFS also confirms the Council's strategic approach to securing financial sustainability by reducing its base net revenue budget in order to deliver services within its in-year resources; and investing 'one-off' or finite resources to stimulate local economic growth and achieve sustainable income through Council Tax and Business Rates growth.
- 1.6 The MTFS mid-case includes an assumed Council Tax increase of 1.99% for a Band D property. From the HRA perspective the MTFS includes a Consumer Price Index (CPI)+1% increase in housing rents.
- 1.7 The MTFS also confirms the Council's reserves strategy - fundamentally avoiding the use of reserves to support the on-going revenue budget which is not sustainable in the long term. Instead, it seeks to balance the set aside of sums to cover known commitments and financial risk, as well as earmarking resources to support delivery of the Council's Corporate Plan. However, with LGR from April 2023, the potential for service transformation and associated savings is now very different. In addition, internal capacity is diverted towards LGR implementation, the on-going response to Covid recovery and delivery of the Council's ambitious investment plans, consequently savings remain pushed back to 2024/25.

2. The Report

- 2.1 The draft revenue budgets for the 3 years for 2022/23 to 2024/25 are presented at **Appendix A**, the capital programmes are shown at **Appendix D** and the Programme for Growth is at **Appendix E**.

General Fund Revenue Budget

- 2.2 The draft budget includes provision for 'contractual' and other unavoidable rises in expenditure (e.g., inflation and changes in interest rates), as well as inflation on income from the Council's discretionary fees and charges. This includes:

- the current increase in inflation rates is expected to be relatively short term, with forecasts indicating general running costs will increase by 4% in 2022/23 reducing to 2.6% in 2023/24 and 2.1% in 2024/25. There is expected to be particular pressure on utilities and increases of 55% for gas and 38% for electricity have been built in for 2022/23. Insurance is expected to increase by 15%, primarily due to rebuild costs. The impact of increased interest in 2022/23 from the previously assumed baseline of 2% is an additional net cost of £314k;
- low interest rates continue to impact on investment returns, with 2022/23 budget levels being £270k lower than pre-pandemic levels. an increase in Internal Drainage Board (IDB) levies of 8.7% over the 3 years to 2024/25 (Danvm IDB's levy is increasing by £53k or 10% in line with their equalisation plan) – taking the total levies from £1.759m in 2021/22 to £2.050m in 2024/25;
- a 2% provision for an annual pay award with the budget statement indicating an end to wider public sector pay restraint;
- the announcement of an increase in national insurance contributions by 1.25% increases employer contributions by £57k in 2022/23; and
- a 5% vacancy factor to help mitigate the rising pay bill and manage other cost pressures within the budget.

2.3 £192k of annual discretionary growth is included from 2022/23 (**see Appendix B**), including:

- reduction in planning income by £143k to reflect longer term underlying trends;
- increase in planning enforcement resource £34k; and
- IT software costs for additional security £15k.

2.4 In addition the following contingencies are also included:

- A contingency to deal with the on-going impacts of Covid - £750k in 2022/23; and
- £750k one-off increase in staffing capacity and related support for the implementation of Local Government Re-organisation.

Whilst the draft budget proposals include provision for these issues, further work is needed to fully assess the impacts.

Local Government Finance Settlement

2.5 In October 2021 the Chancellor announced the outline proposals covered by the Spending Review. For local government there were announcements on increases in core spending power (driven in part by Council tax growth), additional grant funding, and business rate reliefs. There is speculation that some one-off grants received in 2021/22 will roll over into 2022/23 but we await confirmation before building assumptions into the budget. The finer detail, which will confirm the amount of Settlement Funding individual councils will receive, will be published sometime in December. For the purposes of this draft budget the assumptions used in the MTFs have been used:

- business Rates Baseline funding £2.3m (safety net level) to reflect Selby's continued non-pool status in 2022/23;
- new Homes Bonus – £767k (legacy payments only); and
- other specific grants £24k.

Figures will be updated once the provisional settlement is known.

2.6 For 2022/23 the draft budget assumes the Council is at the safety net for the purposes of Business Rates Retention and therefore no Business Rates Growth is included. Beyond 2022/23 the funding system is subject to review. For 2022/23 onwards the draft budget assumes current Business Rates Baseline (plus inflation) with a small amount of growth included within the savings plan (£100k in 2023/24 plus a further £100k in 2024/25).

2.7 In 2021/22 the £9.2m of renewable energy business rates were transferred to the Business Rates Equalisation Reserve and then subsequently applied to the Programme for Growth as part of the MTFs approved by Council in July. For 2022/23 no assumptions have been made at this stage, pending the Local Government Finance Settlement. Current policy would be to allocate such receipts from 2023/24.

2.8 In line with indications from the Government, the MTFs and draft budget assumes that New Homes Bonus funding will taper out, with 2022/23 being the last year of the scheme. Given the spending pressures facing the Council, the draft budget applies New Homes Bonus to the revenue budget in the first instance, but we continue to plan for the full withdrawal of this income stream.

Council Tax

2.9 The approved MTFs mid-case assumes a Council Tax increase of 1.99% for a Band D property for 2022/23. A 1.99% increase would take the Council average Band D charge from £183.22 to £186.87 (a rise of 7p per week) and generate an additional £119k in Council Tax income. However, due to the on-going impact of Covid-19 on our communities, the Executive propose to freeze Council Tax for a further year. This will mean £119k p.a. recurring reduction in income from Council Tax, against that assumed in the MTFs.

2.10 An indicative assessment of the tax base for Council Tax setting purposes is

32,768 - a 2.19% increase on 2021/22 which is more optimistic than that used in the MTF5 – property growth continues to be buoyant despite the effects of the virus. The Council Tax yield is estimated at £6.004m for 2022/23.

General Fund Summary

- 2.11 Taking the Council’s overall service requirements and funding assumptions together, the estimated position for 2022/23 is summarised below with more detail at **Appendix A**:

General Fund	2022/23 £000's
Net Budget Before Contribution to/(from) Reserves	23,482
Contributions to Reserves	723
Contributions from Reserves	(10,909)
Net Draft Revenue Budget	13,296
Funding	
Business Rates Baseline (safety net)	(2,320)
New Homes Bonus	(767)
Special & Specific Grants	(24)
Rural Services Delivery Grant	0
Renewable Business Rates Income	0
Council Tax (Tax Base 32,065 x Band D £183.22)	(6,004)
Collection Fund Deficit – Council Tax	69
Total Funding	(9,046)
Net Budget Deficit to be funded from BRER	4,250

- 2.12 Subject to the assumptions and risks within the budget, the General Fund Deficit after delivery of planned savings, is estimated at £4.25m for 2022/23. It is proposed that this be funded from the Business Rates Equalisation Reserve.

Housing Revenue Account Budget

- 2.13 The HRA budgets have been prepared using the same assumptions on pay and price inflation as included in the General Fund and assumptions on rent changes are based on the Government’s formula. In 2022/23 the CPI+1% increase has been applied (4.1%). It is also assumed that any properties sold under right to buy will be replaced by properties being acquired or built under the housing delivery programme. These assumptions are informing the latest refresh of the HRA Business Plan scheduled for consideration by the Executive in January.
- 2.14 The draft HRA budget includes no new bids for discretionary growth – our focus over the next year will be to deliver the ambitious improvement programme already in place.

- 2.15 The estimated position on the HRA for 2022/23 is shown below. The HRA savings plan has been deferred as a result of delays to implementation of the Housing and Asset Management system and is now forecast in 2022/23. Opportunities for further efficiency will continue to be sought in order to maximise the resources available for investment in the service.

HRA	2022/23 £000's
Net Budget Before Contribution to/(from) Reserves	7,297
Contribution to Reserves	2,732
Net Draft Revenue Budget	10,029
Less Dwelling Rents	(12,649)
Net Surplus available for Major Repairs	(2,620)

- 2.16 Before consideration of the Housing Investment Programme requirements, a surplus position is anticipated for 2022/23. HRA surpluses are used to fund the HRA investment programme, which are smoothed annually through transfers to and from the Major Repairs Reserve. Investment plans for 2022/23 total £13.1m and will require a £5.7m drawdown from the Major Repairs Reserve (MRR). There is potential for additional supplier risk which may result in increased prices. The programme will be kept under review and outputs will be flexed if required. **Appendix F** shows the forecast on the MRR assuming all plans are delivered – it shows that this reserve will be fully depleted by 2023/24.
- 2.17 Looking ahead the refreshed HRA Business Plan sets out the long-term requirements for the Housing Revenue Account whilst balancing savings and investments within the context of a sustainable HRA. To this end, the draft budget assumes that resources needed to support improvement in our housing stock will be drawn from reserves voluntarily set aside to repay self-financing debt. The HRA business plan will consider options for debt repayment and any resulting changes to the budget will be incorporated into the final proposals to be considered by the Executive in February.

Savings

- 2.18 Delivering on-going efficiencies is a key part of the Council's 'Great Value' priority – being as efficient as possible and living within our means, whilst using the financial capacity created to generate long-term gains to improve outcomes for citizens. The MTFs identifies recurring savings of £2.8m (mid-case) - £4.4m p.a. (worst case) will be needed by 2024/25.
- 2.19 The Council's approach to savings covers three key strands:
- **Transforming** our business through the use of technology and flexible working to meet citizen and customer needs – the potential for further service transformation will be considered as part of longer-term planning for LGR;
 - **Growing** our resources through investment in economic and housing

growth to drive growth in Council Tax and Business Rates and through charging for services and trading externally;

- **Commissioning** from and with partners to achieve shared efficiencies and reduce the demand for public sector services.

2.20 However, organisational capacity is undoubtedly stretched as we continue to recover from the pandemic and tackling backlogs in some service areas means that capacity to deliver the savings required, is severely diminished. This coupled with the need to support LGR implementation and accelerate delivery of our approved investment programmes, means that savings have been profiled beyond 2023/24. With reserves earmarked to bridge the gap in the medium-term as the new Council establishes its transformation programme.

2.21 The savings plan has been reassessed as part of the budget process and the revised plan is set out at **Appendix C**. As a result of further delays to the reset of the business rates baseline growth of £100k p.a. year-on-year has been pushed back to 2023/24.

2.22 Taking the proposals for Council Tax, committed growth, planned reserve transfers and assumptions on Government funding, the table below summarises the current plan and shows the estimated funding gap based on this draft Medium-Term Financial Plan:

GF Savings Summary	2022/23 £000's	2023/24 £000's	2024/25 £000's
Low risk/completed	0	0	0
Medium risk/in progress	23	123	123
High risk/not started	0	100	1,384
New target – to be identified	0	0	2,052
Cumulative Savings	23	223	3,559
Annual Savings	23	200	3,336

HRA Savings Summary	2022/23 £000's	2023/24 £000's	2024/25 £000's
Low risk/completed	0	0	0
Medium risk/in progress	195	195	195
High risk/not started	0	0	0
New target – to be identified	0	0	0
Cumulative Savings	195	195	195
Annual Savings	195	0	0

2.23 The plan will continue to be monitored and progress against the current savings plan is presented at **Appendix C**.

General Fund Capital Programme

2.24 As stated previously, given LGR and the operational challenges associated with the on-going response to Covid-19 recovery, the General Fund capital programme includes previously approved projects and a bid for an additional refuse collection vehicle; only limited new growth is proposed at this time:

- ICT growth to ensure our systems remain fit for purpose as we plan for the transition to the new council; and
- Improvement works to the outdoor skatepark.

Phasing of the programme is reviewed quarterly, and the latest capital programme is attached at **Appendix D**.

2.25 Much of the programme is of a relatively routine nature and accordingly, officers have authority to progress schemes based on the bid information previously submitted to Council. There are however, projects for which Detailed Business Cases will be required for Executive consideration before actual work commences. These are:

- Industrial Units improvement programme – a full review of industrial unit assets will be undertaken before expenditure is approved; and
- Purchase of land.

For these 'non-routine' schemes, detailed business cases will be brought to the Executive for approval in due course.

2.26 There is limited room for additional revenue contributions to support the capital programme and therefore it is largely supported by capital receipts, external grants and earmarked reserves. The following table presents a summary of the programme (with indicative figures shown for 2024/25 for routine rolling programmes):

Programme	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Asset Management	700	1,617	349	0
Grants & Loans	472	756	402	402
ICT Replacement	358	117	119	239
Waste Collection Fleet	191	0	0	0
Total Programme	1,720	2,490	870	641
Funding				
Capital Receipts	332	858	331	0
Grants	472	756	402	402
Reserves	725	876	137	239
Borrowing	191	0	0	0
Total Funding	1,720	2,490	870	641

2.27 Projects include: the enhancement of existing assets such as the car parks,

play areas and industrial units; Disabled Facilities Grants and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure – funding for ICT projects is covered by the ICT Replacement Reserve.

Housing Investment Programme

2.28 The Housing Investment Programme (HIP) includes the projects necessary to ensure our homes continue to meet the decency standard. Again, the phasing of work is reviewed quarterly and the latest HIP is at **Appendix D**. Indicative programmes for 2023/24 and 2024/25 are taken from the business plan. Financing of the programme will be reviewed annually and should there be insufficient funding within the Major Repairs Reserve, adjustments to previous voluntary sums set-aside for debt repayment (Voluntary Revenue Provision - VRP) will be done in line with the business plan. The following is a summary of the programme:

Programme	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Energy Efficiency Programme	856	510	520	531
Health & Safety Improvement	650	915	566	577
Property Refurbishment Prog	5,013	3,678	3,741	3,838
Community Centre Refurb	64			
Empty Homes Programme	600			
Investment Programme	1,381	427	436	444
Environmental Improvement Plan	40	68		
St Wilfred's Court Refurb		94		
Housing Development Programme	2,000	7,391		
Housing System	104			
Total Programme	10,708	13,083	5,263	5,390
Funding				
Major Repairs Reserve	8,004	5,692	5,263	5,390
IT Reserve	104			
Capital Receipts	400	1,478		
Homes England Grant	117			
S106 Commuted Sums	2,083	5,913		
Total Funding	10,708	13,083	5,263	5,390

2.29 As with the General Fund, much of the HRA programme is of a relatively routine nature and again officers have authority to progress schemes based on the information previously approved by Council. Projects for which Detailed Business Cases will be required for Executive consideration before actual work commences are:

- HRA new build programme.

For these 'non-routine' schemes, detailed business cases will be brought to the Executive for approval in due course.

Programme for Growth

- 2.30 The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'make Selby a great place'. The current Programme was originally approved as part of the 2018/19 budget and regular progress reports have been presented to both Executive and the Overview and Scrutiny Committee. The Programme was extended in September 2020 to incorporate resources earmarked in 2019/20.
- 2.31 The latest approved programme totals £30.326m over the 7 years from 2017/18 to 2023/24. Latest forecasts show that, £13.11m will be spent by 31 March 2022, leaving £17.217m over the coming 2 years.
- 2.32 The Programme is funded by previously received New Homes Bonus and some business rates receipts from renewable energy facilities. In September 2021 full Council approved an extended Programme. The current budget is summarised below:

Programme for Growth	Spent to 2020/21 £000's	Spend 2021/22 £000's	Spend 2022/23 £000's	Spend 2023/24 £000's	Total £000's
Total Allocated to projects	3,365	5,065	10,777	4,274	23,481
Internal capacity	3,136	1,369	1,436	753	6,694
Unallocated		150			150
Total programme	6,501	6,584	12,213	5,027	30,325
Funding from Special Projects Reserve	6,501	6,584	9,363	5,027	27,475
Funding from Capital Receipts			2,850		2,850
Total Funding	6,501	6,584	12,213	5,027	30,325

- 2.34 **Appendix E** sets out the current programme. All spend is subject to Executive approval of detailed business cases. It should also be noted that circa £1.4m p.a. is committed to internal staff capacity. When programme funding is exhausted the budget assumes that capacity is released. Any necessary transitional costs would be met from reserves.

Reserves

- 2.35 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFS. Reserves to fund commitments are replenished by regular revenue contributions to ensure they remain sustainable.
- 2.36 At the end of 2021/22 reserves for growth and improvement are forecast to include £14.390m for the Programme for Growth which is committed to staffing and projects. Reserves to manage risk include £11.805m from Business Rates to support the revenue budget (per MTFS) and £1.5m General Working Balance.
- 2.37 These earmarked reserves provide the financial capacity to fund budget deficits, the capital programmes and other irregular expenditure. Including the proposals within this draft budget for 2022/23 it is estimated that in total £15.159m will be required from General Fund reserves and £11.099m from Capital and Restricted reserves to fund on-going projects and new proposals.
- 2.38 The HRA reserves are General Balances and the Major Repairs Reserve (MRR) which are ring-fenced for the HRA. The HRA capital programme will require £5.692m from the MRR in 2022/23.
- 2.39 Contributions to reserves (including capital receipts) of £3.893m are forecast for 2022/23, which includes resources set aside to support future revenue budgets and subject to savings delivery, future investments.
- 2.40 A forecast of reserve balances based on the MTFS assumptions and draft budget, is set out at **Appendix F**. As at 31 March 2025 reserves are forecast at:

Reserves	Forecast 31 March 2023 £000's	Forecast 31 March 2024 £000's	Forecast 31 March 2025 £000's
General Fund			
Commitments	3,714	3,672	3,672
Growth and improvement	5,451	384	384
Risk	10,387	7,049	3,747
Total General Fund Reserves	19,552	11,105	7,804
HRA			
Balances	1,500	1,500	1,500
Major Repairs	1,438	0	0
Total HRA Reserves	2,938	1,500	1,500
Capital receipts (from asset sales)	1,359	1,529	2,029
Restricted Funds (s106/CIL)*	2,473	2,473	2,473

**Subject to allocation*

3. Alternative Options Considered

The MTFS sets out scenarios and options for key assumptions including Council Tax. Whilst this report proposes a freeze in Council Tax for 2022/23, subject to the Government's referendum principles, reasonable alternatives for Council Tax are:

- 1.99% increase in the Band D charge from £183.22 to £186.87 - £3.65 p.a. and equivalent to 7p per week, which would generate additional receipts of £119k p.a.
- £5 increase in the Band D charge from £183.22 to £188.22 – 2.7% and equivalent to 9.6p per week, which would generate additional receipts of £160k p.a.

4. Implications

4.1 Legal Implications

- 4.1.1 The council is required to set a council tax for 2022/23 before 11th March 2022. It may not be set before all major precepts (i.e., precepts from the Police and Fire Authorities) have been issued or before 1st March 2022, whichever is the earlier. The decision to set the level of council tax is reserved to Council, although Executive has to recommend a budget to Council.
- 4.1.2 Before determining the level of the tax, the Council must estimate its proposed revenue expenditure, taking into account amounts required by way of contingency, any need to raise reserves and any other amounts which the Council is legally required to transfer between funds. It must also estimate its anticipated income, any relevant transfer between funds and any proposed use of reserves. It must then calculate the difference between the two which is the council tax requirement.
- 4.1.3 Members have a fiduciary duty to the council taxpayers and others in the local authority's area. Members have no authority to make anything other than a balanced budget. In reaching decisions on these matters, Members are bound by the general principles of administrative law - and must also balance the interests of service users against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. Members must also bear in mind their other statutory duties to have regard to certain matters when making decisions. In particular, the "equalities duty" to have 'due regard' to the need to eliminate discrimination and to promote equality when making decisions and the need to consider any crime and disorder implications of the decision.

- 4.1.4 Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.
- 4.1.5 Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure and the requirement to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.
- 4.1.6 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

4.2 Financial Implications

As set out in the report.

4.3.1 Policy and Risk Implications

- 4.3.1 As part of the annual budget process a risk assessment of the Council's major budgets is undertaken. The continuing uncertainty in the wider economy from the impacts of the pandemic and other issues, means greater uncertainty within the public sector funding regime, and therefore greater financial risk for the Council. Areas that are particularly high risk are central government funding and income (particularly on our leisure service) along with savings, and inflationary and demand led cost pressures – in services such as waste and recycling. The MTFs identified additional financial risk arising from inflationary pressures and the on-going impacts of Covid-19 - contingencies are included in the budget proposals to manage these issues over the medium term.
- 4.3.2 The Council's earmarked reserves and general balances also provide a buffer for these risks and are crucial to ensure sustained financial resilience and viability.

4.4 Corporate Plan Implications

The draft budget aims to support delivery of the Council's 'Corporate Plan'.

4.5 Resource Implications

The draft budget proposals include provision for the resources necessary to deliver the Council's objectives.

4.6 Other Implications

N/A

4.7 Equalities Impact Assessment

There are no equalities issues as a direct result of this report.

5. Conclusion

5.1 Selby District Council's last draft General Fund Net Revenue Budget for 2022/23 totals £13.296m. It assumes a Council Tax freeze for 2022/23 and after the application of Central Government funding, savings, and planned transfers to and from reserves is a deficit of £4.25m. The deficit is the result of the phasing out of New Homes Bonus, on-going impacts of Covid-19, assumed increased costs of leisure services, and the impacts of Council Tax freezes.

5.2 It is proposed that £4.25m is drawn from the Business Rates Equalisation Reserve, to balance the budget as the majority of savings are deferred to 2024/25. No savings are forecast for the General Fund and £195k are forecast for the HRA.

5.3 The Business Rates Equalisation Reserve contains resources to support the revenue budget over the medium term, but the growing deficit means that significant savings will be required. The level of future savings will be reassessed following the outcome of the Fairer Funding Review and reset of the Business Rates Retention system.

5.4 For 2022/23 no assumptions have been made on the receipt of renewable energy business rates, pending the Local Government Finance Settlement. Current policy would be to allocate such receipts from 2023/24.

5.5 The budget also includes a capital programme to meet General Fund and HRA needs and includes the latest Programme of Growth – the Council's strategic programme which aims to deliver its Corporate Plan priorities, generating economic growth and sustainable income for the Council as core government funding reduces.

6. Background Documents

Medium Term Financial Strategy approved by Council July 2021

7. Appendices

Appendix A – Revenue Estimates (GF and HRA Summaries)

Appendix B – Growth Bids

Appendix C – Savings
Appendix D – GF Capital Programme and Housing Investment Programme
Appendix E – Programme for Growth
Appendix F – Reserves

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