

Public Document Pack

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 26TH JANUARY, 2021

SUPPLEMENTARY AGENDA

Please find attached supplementary papers relating to the above meeting, as follows:

Agenda No	Item
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11.	<u>REVENUE BUDGET 2021/22</u> (Pages 3 - 34)
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REPORT OF THE SERVICE DIRECTOR - RESOURCES

To consider the draft budget for 2021/22 and the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 11 February 2021.

Please find attached the following addendums:

Revenue Budget 2021/22

Appendix B

Appendix C

Appendix D

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**CABINET
26 JANUARY 2021**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE BUDGET 2021/22

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1. Cabinet is asked to; consider the draft budget for 2021/22 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level; consider the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 11 February 2021.

2. RECOMMENDATIONS

That Cabinet:

- 2.1. Approves the increase in the 2020/21 working budget of £291k, as detailed in table 5.

That Cabinet recommends to Council:

- 2.2. Notes the position on the Collection Fund and how it will be funded.
- 2.3. Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.85 million is recommended.
- 2.4. Approves the savings and investments as detailed in Appendix B.
- 2.5. Approves a net expenditure budget of £18.391m, as detailed in Appendix C. In the event of a £10 band D increase being allowed, then Appendix D would apply,
- 2.6. Approves a Council Tax increase by the maximum allowed without the need for a local referendum in 2021/22(as per the Medium Term Financial Strategy). This is likely to be an amount of £5 for a band D property, with other increases pro-rata to this. However in response to the consultation on the Local Government settlement, a £10 increase for a band D property (other bands pro-rate) may be allowed.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2021/22, to be considered by Full Council on 11 February 2021.
- 3.2. To ensure that Cabinet recommends a balanced budget to Full Council on 11 February 2021.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2021-26, Political Groups and Officers have been asked for savings ideas and these are presented in appendix A to this report.
- 4.2. The proposed investments are a combination of cost pressures to deliver existing services and new spend that is linked to the delivery of priorities identified within the Council Plan.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. All Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at the budget workshops.
- 5.2. Business Ratepayers will be consulted on the proposals within the January report before the budget is discussed at Full Council on 11 February. Any feedback will be made available at that meeting. This is the only statutory consultation that is required. It is intended that this consultation will be via the website/ e-mail, as previous consultation events have not been very well attended, and this is also more practical given the impact of Covid-19.
- 5.3. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it would be referred to the relevant Area Committee(s) during January. It is however considered that this does not apply to any of the savings proposals included.

6. FORWARD PLAN

- 6.1. This report contains a recommendation on a key Executive decision (recommendation 2.1) that was first notified to the public in the Forward Plan on the 14 October 2020. The budget for 2021/22 will be presented to Full Council for approval in February.

7. BACKGROUND

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Full Council in September following recommendation by Cabinet. The budget estimates within the MTFS included a number of assumptions. These have been updated as better information has become available. The final budget recommended to Council in February will still contain some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.

- 7.2. The Covid-19 pandemic is expected to have a fundamental impact on the Council's finances in the short and medium term. The financial impacts of Covid-19 to date have been detailed in a separate report to Cabinet in July and a further summary update was included in the Second Quarter Revenue Budget Monitoring report. It is anticipated that additional funding from Central Government will not fully compensate for the financial impacts of Covid-19 and this has therefore reduced the projected reserves available at the start of the financial year 2021/22. The potential impacts in next year and the medium term are considered in this report and the appendices.
- 7.3. Due to Covid-19, the introduction of a new Fairer Funding Formula and 75% Business Rates Retention have been delayed. The details of these are now expected in 2021/22 for implementation from 2022/23, though this timescale is not certain. Similarly, there was no Autumn Budget this year, while the Spending Review announced by the Chancellor on the 25 November covered only one year, instead of the three-year review originally anticipated.

8. RELEVANT CONSIDERATIONS

General and Specific Funding

- 8.1. Following the Spending Review in November, the provisional Local Government Settlement was announced on 17 December 2020. This provided the following information on the funding for the Council in 2021/22, subject to there being no changes in the final settlement.
- 8.2. As expected in the Draft Budget report, and assumed in the MTFS, the Settlement confirmed that Negative Revenue Support Grant (RSG) will not be applied in 2021/22. This deferral is assumed to be for one year only, with the assumption still that the equivalent of a negative RSG (i.e. reducing our funding by around £1m) will be applied as part of the fair funding formula from 2022/23. Funding amounts for the Council in 2022/23 and beyond remain highly uncertain, with reforms to Local Government funding and business rates having a potentially significant impact on the level of funding the Council receives.
- 8.3. The Settlement also confirmed that the business rates multiplier has been frozen for 2021/22, reducing the business rates income estimate for next year by around £50k, with a similar impact on the estimates for the years beyond. This will be off-set by an increase of £33k in the compensation for under-indexing the business rates multiplier, up to £142k for 2021/22. The freezing of the multiplier does also reduce the Council's projected expenditure on business rates, with the estimated inflation allowance within the proposed total net expenditure budget, as shown in Appendix C, adjusted accordingly.
- 8.4. While it was announced in the November Spending Review that the referendum threshold for increases in Council Tax will be 2% in 2021/22, the publication of the Provisional Settlement detailed that District Councils will be allowed to increase Council Tax by the higher of the 2% referendum limit or £5 for a band D equivalent property. The MTFS sets out that the Council will look to increase Council Tax by the maximum amount possible without the need for a local referendum. For the future years beyond 2021/22, it is assumed that the 2% (or £5 for a band D equivalent) will continue to be the maximum increase allowed without the need for a referendum. The Provisional Settlement is however subject to a consultation process before it becomes final. It is expected that there will be a number of representations from Districts that the referendum limit should be set at £10 (per band D equivalent). If that was agreed for a single year then it would increase the Council's funding by around £250k per year on an ongoing basis.

Recommendation 2.6 includes provision in case this higher increase is allowed. It is unclear when any announcement on this will be made, and it might be after the date of the Council meeting in February.

- 8.5. The Council Tax income that the Council retains is also affected by the Council Tax base. Subsequent to the Draft Budget report, further update and refinement of the Council Tax base calculation for 2021/22 has resulted in a revised total of 49.396.9, which represents a 1.17% decrease on the Council Tax Base for 2020/21 and is equivalent to a £140k reduction in Council Tax income. The MTFS did identify a reduction in the Council Tax base as a potential consequence of the Covid-19 pandemic, due to the associated increase in residents becoming eligible for Council Tax reduction. The assumption in table 1 is that the Council Tax base will return to the 20/21 level in 2022/23, with no further growth in the subsequent financial years.
- 8.6. A new round of New Homes Bonus payments in 2021/22 was announced in the Settlement. While the deadweight of 0.4% was maintained, property growth in North Herts in the 12 months to October 2020 has attracted a provisional total eligible bonus allocation of around £42k. This amount is in addition to the prior assumption, based on previous announcements, that only the legacy payments due from previous years (2018/19 and 2019/20), totalling £350k, would be received in 2021/22. The government has confirmed that, as was the case for the 2020/21 allocation, there will be no legacy payments in respect of the 2021/22 allocation. The Council therefore only expects to receive a further £131k in 2022/23. There will be a consultation on potential reforms to the scheme from 2022/23 but, given the uncertainty over a funding stream that looks to reward housing growth, over which the Council does not have much control, no assumption is made in the funding estimates as to any replacement funding.
- 8.7. The Government also proposed in the Settlement a new non-ringfenced Lower Tier Services Grant in 2021-22, of which the Council has been provisionally allocated £116k. The stated intention behind the grant is to ensure overall funding, or 'Core Spending Power', which includes estimated receipts from Council Tax, Business Rates and New Homes Bonus, in 2021/22 is no lower than funding available for 2020/21. This grant was not anticipated prior to the Settlement announcement and is therefore additional to the funding estimates provided in the Draft Budget Report 2021/22, presented to Cabinet in December.
- 8.8. Outside of core spending power consideration, it was announced in the Spending Review that £2.2bn of funding would be provided to Local Government in 2021/22 to help authorities mitigate the financial impact of the Covid-19 pandemic. Further details have now been released by Government and the additional financial support that the Council will receive next year is comprised of;
 - Non-ringfenced grant to support services – Based on a relative needs formula devised by MHCLG, the Council will receive a grant allocation of £558k in April 2021 to manage pressures in 2021/22. This amount had not been anticipated and is therefore additional to previous funding estimates for 2021/22.

- Council Tax support grant – This funding is intended to recognise the additional costs associated with increases in local council tax support caseloads in 2021/22. The indicative allocation for the Council is £230k and it is non-ringfenced funding. The impact of the reduced Council Tax base (due to increased Council Tax Reduction Scheme eligibility) is already reflected in the Council Tax income estimate, so this funding will be applied to the General Fund. The impact detailed in paragraph 8.5 is £140k, but in a usual year the Council would also expect growth in the tax base of around 1% (equivalent to over £100k of additional income). Some of this growth has been suppressed by the increase in Council Tax support. It is therefore considered reasonable to apply the whole balance.
 - Extension of Sales, Fees and Charges Income compensation to the end of June 2021 – The additional financial support to the Leisure Contractor for operations in 2021/22, as approved by Council in January and highlighted in table 5 in this report, is eligible to be partially compensated under the scheme. The anticipated amount of £140k is therefore included in table 1 below. Other income budgets that will potentially be impacted by the pandemic in the next financial year have not been adjusted (the rationale for which is explained in paragraph 8.32 of this report) and therefore no other compensation amounts have been assumed.
- 8.9. Supplementary to the additional grant funding above, the Government has also announced a 'Local Tax Income Guarantee' for 2020/21, with the government compensating local authorities for 75% of irrecoverable losses in Council Tax and business rates income in respect of 2020-21. The current estimate is that this could mean the Council receiving a total of around £350k, with £120k relating to Council Tax and £230k in respect of Business Rates lost. The actual value to the Council of the Local Tax Income Guarantee will not be known until after the Collection Fund accounts for 2020/21 are finalised and the relevant returns to Government are submitted. Whilst the compensation receipts are expected to be received in January 2022, as the compensation relates to activity in 2020/21 the calculated eligible amounts will be accounted for in the 2020/21 accounts. The benefit from the scheme will therefore be an increase in reserve balances at the start of the next financial year.
- 8.10. As a further response to the impact of the Covid-19 pandemic on Local Government finances, the Government has legislated that the repayment of the Business Rates and Council Tax Collection Fund deficits for 2020/21 be spread over three years from 2021/22, rather than full repayment in 2021/22 as would have been required under the previous legislation. In terms of the Council Tax Collection Fund, the estimated impact of the spreading on projected General Fund balances is shown in table 1 below, based on the current projection of the 2020/21 year-end position. In respect of the Business Rates Collection Fund, the Council funds annual deficits from grant held in an earmarked reserve. The spreading of the repayment of the deficit therefore simply changes the projected amounts required to be drawn down from the earmarked reserve over the next three years and hence has no impact on the funding estimates in table 1.
- 8.11. The above results in the following forecasts of funding for 2021/22 onwards. The forecasts in table 1 are shown for five years on the basis that the Council should be balancing net expenditure and funding within the medium-term:

Table 1 – Estimated General Funding

£000 Funding	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax	11,862	12,252	12,501	12,751	13,005
Council Tax Collection Fund Deficit	(77)	(54)	(54)	0	0
Negative RSG (or equivalent)	0	(1,159)	(1,182)	(1,206)	(1,230)
Business Rates baseline	2,726	2,780	2,836	2,893	2,951
Compensation for not increasing the Business Rates multiplier	142	142	145	148	151
New Homes Bonus	392	131	0	0	0
Lower Tier Services Grant	116	0	0	0	0
Council Tax support to Parishes	(39)	(23)	(23)	(23)	(23)
	15,122	14,069	14,223	14,563	14,854
Covid-19: Emergency Grant Funding	558	0	0	0	0
Covid-19: Council Tax Support Grant	230	0	0	0	0
Covid-19: Income Compensation	140	0	0	0	0
	16,050	14,069	14,223	14,563	14,854
<i>Additional funding if a £10 band D Council Tax increase was allowed (for 2021/22 only)</i>	247	250	250	254	259
Revised Total	16,497	14,319	14,473	14,817	15,113

- 8.12. The Council also receives grants for specific purposes. Generally these grants are built in to service budgets and have therefore already been taken in to account when determining spend forecasts, so can not be used towards funding the base budget. These grant amounts are often uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund.

Table 2 – Forecasts in relation to Grant Income

Grant	2020/21 Amount £'000	Expectation for 2021/22
Housing Benefit Subsidy	24,340	Initial estimate will be available late January 2021, so budget expectation for 2021/22 is based on the 2020/21 mid-year estimate of £24.340million.
Discretionary Housing Payments	247	An announcement is expected in January 2021. Expectation is that the grant level will be similar to 2020/21.
Benefits Administration and Fraud Initiative	419	Notification of a Housing Benefit Administration grant of £274k was received in January. Council Tax administration grant is still to be announced. The expectation is that the grant amount will be similar to 2020/21, meaning a total for next year of around £400k.
Section 31 Grants	10,877	These grants compensate the Council for the impact of Business Rate reliefs and caps (which create a deficit on the Collection Fund). Values for next year will be determined by MHCLG after submission of the business rates return in January. Based on the estimates provided for the assessment of Business Rates Pooling options next year, LG Futures have calculated an estimate of S31 reliefs for 2021/22 of £2.282million
NNDR Administration Grant	175	The cost of collection will not be known until the central government return for business rates is finalised in January 2021. Assuming a similar level to the 2020/21 total of £175k.
Healthy Hub Grant	40	Hertfordshire County Council are providing total funding of £100k for a two year Healthy Hub project. £40k is projected to be drawn down this year and a further £40k is anticipated in 2021/22

Grant	2020/21 Amount £'000	Expectation for 2021/22
Syrian refugee resettlement grant	190	There are no new families expected in 2021/22, so the grant funding next year will be to support existing families living in the District. Estimated to be £127k.
Flexible homelessness support grant	173	MHCLG announced in December that the two grants would be replaced by a new Homelessness Prevention Grant for 2021/22, with NHDC receiving a grant allocation of £340k.
Homelessness Reduction Grant	84	
Waste minimisation – HCC contribution via the Alternate Financial Model.	572	While some reduction was expected in 2021/22 (as detailed in PE3 in Appendix B), the Covid-19 pandemic has impacted on the Council's recycling performance during 2020/21 to the extent that the Council's eligible share is projected by HCC to be zero in 2021/22, compared to the budget assumption of £481k. While £122k of the £481k total expected was earmarked for waste awareness activities, the remaining £359k had been anticipated as a contribution to the cost of Waste Services. The resulting pressure is itemised in Appendix B and is included in the calculation of the net budget estimate in Appendix C.
Total Revenue Grants	36,545	

Business Rates and Council Tax Collection Funds

- 8.13. NHDC is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to the NHDC General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the NHDC General Fund and other precepting bodies.
- 8.14. The total amount of Council Tax that is collected is dependent on the actual number of properties, eligibility for paying a reduced amount (Council Tax Reduction Scheme) and the success in collecting what is owed. An estimate is made of the cumulative impact of this and converted in to an equivalent number of band D properties. This is known as the Council Tax Base. The amount of Business Rates that are collected is dependent on the number and type of business premises in the area, the success in collecting what is owed, eligibility for relief and the number and value of successful appeals. Assumptions on these factors are made in forecasting the level of income from Council Tax and Business Rates in future years.

- 8.15. It is currently forecast (at the end of month 8) that the Council Tax collection fund will have a deficit at the end of the year, due to an increase in the amount of Council Tax reduction awarded, of which the Council's share is projected to be £185k. A contribution from the General Fund to the Collection Fund is therefore required to make up the shortfall. £23k of the projected deficit relates to the deterioration in the position in the final quarter of 2019/20 and this amount will be repaid in 2021/22. The repayment of the remainder (£162k) will now be spread over the next three years. The contribution required from the General Fund therefore reduces the total funding amount available in each of the next three years, as shown in table 1 above and appendix C. The compensation received from the Local Tax Guarantee will increase the funding reported for 2020/21 and therefore increase the General Fund balance available at the start of 2021/22.
- 8.16. The current forecast for the Business Rates collection fund is that there will be a deficit at the end of the year, of which the NHDC share will be around £8m. Much of the deficit is due to the additional business rate reliefs introduced by government in response to the Covid-19 pandemic. NHDC has received compensation in this financial year from Government, in the form of section 31 Grants, for the impact of the additional reliefs introduced, as detailed in table 2 above. The element of the deficit relating to the additional reliefs is still required to be repaid in full in the following financial year. The section 31 grant amounts received this year have therefore been transferred to an earmarked reserve for this purpose.
- 8.17. As highlighted in the funding section above, the repayment of the element of the business rates deficit for 2020/21 relating to lost business rates income in the year, as a result of business closures etc., will now be spread over the next three financial years. The current estimate is that the NHDC share of the lost rates income will be around £300k. The repayment over the next three years will be funded from the grant held in an earmarked reserve. The introduction of the Local Tax Income guarantee will also mean that the Council receives additional section 31 grant, accounted for in the current year, equivalent to 75% of this amount (based on current estimate, approximately £230k). This amount will be added to the reserve and used to fund the repayment of the deficit.
- 8.18. A Business Rates Pool application for 2021/22 has been accepted for Hertfordshire County Council and five other Districts (including North Hertfordshire). As detailed in the Business Rates Pooling 2021/22 report presented to Cabinet in October, the Pool has been formed with the expectation that this will reduce the business rates levy amount otherwise payable at the end of next year, as has been the case in prior years. The initial estimate was a reduction in levy of around £400k. The achievement of this pooling gain next year is however not guaranteed and will be dependent on the actual value of business rates collected in the year. As the levy payable will be funded from grant held in reserve, any pooling gain that does materialise next year will not increase the General Fund balance, but instead reduce the drawdown on the grant held in reserve. The Council (and other Local Authorities in the Pool) have until mid-January to determine if they want to continue with the planned pooling arrangement.

Review of balances and reserves

8.19. In setting its budget, the Council needs to consider the level of its reserves. This determines the extent to which the current budget can be supported by the use of reserves, or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, NHDC has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision.

8.20. A full list of specific reserves and estimated balances is shown in table 3 below.

Table 3 – Specific Reserves

Name of Reserve	Purpose of Reserve	Balance at 1 April 2020	Estimated Balance at 31 March 2021	Estimated Balance at 31 March 2022
Funding Equalisation Reserve	Where anticipated annual revenue funding has exceeded estimated net expenditure, the Council has opted to contribute the surplus amount to the Funding Equalisation Reserve, rather than raise Council Tax by less than the maximum amount allowed. The reserve balance will now be used to mitigate the impact on the General Fund of pressures anticipated for next year.	68	397	0
Cemetery Mausoleum Reserve	Held to cover the Authority's obligation to supply Mausoleum niches at the Wilbury Hills Cemetery and is funded from the sale of currently available niches. Still available niches so not expected to be used in the short-term.	167	167	167
Childrens Services Reserve	Used to help fund Active Communities projects in the district funded from grant income and/or external contributions. Expected to be fully utilised next year.	57	49	0
Climate Change Grant Reserve	Grant awarded to help combat the effect of climate change. Being used for the additional costs (above available establishment) of employing a Trainee Policy Officer working on Climate Strategy. Will be fully used by the end of 2024/25.	26	22	17
Growth Area Fund Reserve	Holds the revenue grant awarded. To be used once the Local Plan is in place.	53	53	53
Homelessness Grants Reserve	To help prevent homelessness in the district. The entire grant is earmarked for different homelessness projects or resources.	413	461	323
Housing & Planning Delivery	Hold unspent Housing & Planning Delivery grant to fund Cabinet approved spending plans in subsequent years. The Authority has also made a commitment to the Local Development Framework and funds are held in this reserve for this purpose. Additional income from the 20% increase in statutory planning fees is also transferred here to fund the development of Planning Services. Future balances will depend on timing of spend and fees received in relation to the 20% increase.	1,091	1,489	Unknown
Information Technology Reserve	To ensure the Authority has adequate resources to purchase hardware and software items when they are required. Reserve balance now committed to fund a Uniform software upgrade with improved functionality.	78	35	0

Name of Reserve	Purpose of Reserve	Balance at 1 April 2020	Estimated Balance at 31 March 2021	Estimated Balance at 31 March 2022
Insurance Reserve	Used to finance potential claims for risks that are not covered by external policies together with higher excesses currently being borne by the Authority. It is good financial practice to have an insurance reserve. The future balances will depend on the claims received and the level of relevant insurance.	34	Unknown	Unknown
Land Charges Reserve	Reserve originally established to help meet the potential cost should the financial risk of the repayment of personal search fees occur. Being used for additional administration costs and software upgrades over 3 years.	94	65	36
Leisure Management Maintenance Reserve	To cover the cost of any future significant repairs liabilities on the leisure facilities. The Leisure Contract requires a contribution from the Council for maintenance items over £5k, so therefore if funds are not available in the reserve then this would impact on the general fund. Use of the reserve depends on what arises and is therefore unknown.	77	Unknown	Unknown
MHCLG Grants Reserve	Balance of unapplied Section 31 business rate relief grants and pooling gains. Used to fund NNDR Collection Fund deficit contributions and levy payments in future years. Pooling gain of £368k to be released to the General Fund in 2020/21. In 2019/20 participation in the Business Rates Pilot resulted in total business rates related income (including pilot gain and s31 grant receipts) of £5.2m, exceeding the original budget amount of £2.7m by £2.5m, and reduced the draw down required on this reserve, resulting in a net contribution to this reserve in 2019/20 of £1.9m. It is considered that £2.5m can be released from the reserve and used to cushion the impact on the General Fund of the anticipated funding shortfall from 2022/23, as shown in Appendix C.	3,741	13,896	Unknown
Museum Exhibits Reserve	Funds the purchase of museum exhibits and is funded from donations. Use of reserve will depend on donations and opportunities for acquisitions.	13	Unknown	Unknown
Neighbourhood Plan Reserve	Funds received for neighbourhood Plans from the MHCLG have been transferred. The funding has been provided to authorities who received neighbourhood plans as funding will be needed in future years as plans are developed and public examinations and public referendums are required.	78	78	78
Paintings Conservation Reserve	Used to help restore paintings. This is funded through donations and publication income. To be used against a list of items that require conservation.	11	Unknown	Unknown
S106 Monitoring Reserve	To cover the cost of monitoring s106 obligations in future years. Ring-fenced. Future balances are unknown as not known what new funding will be received.	19	Unknown	Unknown
Special Reserve	This reserve is maintained for any special financial pressures such as pump priming for initiatives for shared services, changes in working practice, major contract renewals, unexpected contract variation, support the response to and reduce the impact of major incidents and other financial pressures. As detailed in the Covid-19 Financial Impacts report (on the Council agenda in September 2020) the Special Reserve will be released in to General Fund balances. The balance of £716k will be transferred in 2022/23.	1,175	821	716

Name of Reserve	Purpose of Reserve	Balance at 1 April 2020	Estimated Balance at 31 March 2021	Estimated Balance at 31 March 2022
Street Name Plates	To fund Street Name Plates as and when required. To maintain until Local Plan is adopted and then review.	16	Unknown	Unknown
Syrian Refugee Project	The council has agreed to house 50 Syrian Refugees over five years under the government's resettlement scheme. The scheme is fully funded by the government and the reserve enables the multiple year funding for each household to be maintained for future expenditure associated with their placement in the district, such as housing and support costs.	272	458	585
Taxi Reserve	Any surplus from the taxi service will be transferred to the earmarked reserve where it can be used to offset any future deficit or to fund investment in the taxi service.	15	13	11
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	53	61	69
Traffic Regulation Orders	An audit was done to identify TRO work to be carried out in the district. However due to other priorities this work was delayed and the budget has been transferred to a reserve, to be drawn down as and when the work is done.	346	346	346
Waste Reserve	AFM monies are transferred to help mitigate any potential risk to the waste service.	730	749	749
Waste Vehicles Reserve	As repayment of the finance lease principal embedded within the waste contract is funded from the Council's cash reserves, the saving on the revenue account is transferred to this reserve to fund the purchase of vehicles when they next need to be replaced.	554	913	1,340
Welfare Reform Grants Reserve	Awarded to the Authority for different initiatives or changes relating to Housing & Council Tax benefit scheme. These grants will be used when the initiatives or changes are carried out, and therefore the exact timing of usage is unknown.	185	134	Unknown

8.21. As at the 31 March 2020 there was a total of £882k held as provisions. These are comprised of:

- Business Rates appeals - £842k - the NHDC estimated share of outstanding business rates appeals
- Insurance - £40k - covers the uninsured aspect of outstanding insurance claims.

8.22. NHDC operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £18million, this means a minimum balance of about £900k. As the Council has become more reliant on generating income to set a balanced budget, an additional 3% of budgeted income (excluding Housing Benefit, grants and other contributions) will also be included in determining the minimum level. Income from fees, charges, interest and rentals is forecast to be £11.2m and therefore an additional allowance of £335k will be added. Furthermore, a significant

proportion of Council expenditure, approximately £10m per annum, is for goods and services procured via contract. Considering the potentially significant, but still unknown, impact of Brexit and / or Covid-19 on contract prices for outsourced goods and services, it would be prudent to incorporate 5% of this expenditure in the minimum balance calculation. Therefore £500k will also be added to the minimum level. This minimum figure represents the cushion against unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure, according to risk likelihood.

- 8.23. An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 4 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix A.

Table 4- Budget Risks in 2021/22

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	17	5,368	0
Medium	17	3,075	768
High	17	2,665	1,333
Total	51	11,108	2,101

- 8.24. Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £3.85million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

Expenditure Forecasts

- 8.25. The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2020. The budget adjustments identified subsequently are itemised in Appendix B, including those changes recommended following the budget review undertaken at the end of November, details of which are included in table 5 below.
- 8.26. Table 5 provides explanations for the variances identified at the end of November that are greater than £25k, as well as any budgets where there are carry-forward requests. All other variances are included within the 'other minor variances' line at the bottom of the table.

Table 5- Summary of forecast variances (amounts £000)

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2021/22 Budget impact
Court Summons Income	(102)	(41)	+61	Due to the timing of the national lockdown in November, no further action was taken to recover unpaid Council Tax and Business Rates amounts after statutory reminder notices were issued in September.	0	0

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2021/22 Budget impact
Area Committee Grants	72	59	(13)	The underspend requested to be carried forward comprises £3.7k for Letchworth, £2k for Hitchin, £4.2k for Baldock and £3k for Southern Rural. This is largely due to fewer grant applications than anticipated being received and also represents grants awarded but not yet released pending evidence of criteria being met.	13	0
Paper Recycling						
Income from sale of paper	(112)	(92)	+20	Ongoing trend of falling paper tonnages, with volumes collected in April to November 2020 22% less than the equivalent period in 2019. This is attributed to consumers switching from print media to digital media. The reduction in tonnages reduces the incentive income eligible from Hertfordshire County Council.	0	20
HCC Recycling Credit Income	(111)	(87)	+24		0	24
Total	(223)	(179)	+44		0	44
Electric Vehicle Charging	35	20	(15)	This budget was an investment bid to engage consultants to undertake a study to review and consider opportunities from Electric Vehicle Charging. Officers have prepared a Scoping Document and undertaken a consultation to define the extent of a Strategy and agreed action plan for adoption. Work on the Strategy was underway prior to the pandemic and will now continue into 21/22. The requested carry forward of the unspent budget will fund any specialist advice required.	15	0
Community Infrastructure Levy (CIL)	87	0	(87)	The publication of a government white paper is awaited prior to reporting on the review of the feasibility of introducing a CIL for residential sites. It is requested that the unspent budget is carried forward into 2021/22 to cover any costs arising from this review or its recommendations.	87	0

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2021/22 Budget impact
Single Issue Local Plan Review	52	12	(40)	An investment bid was approved for the delivery of a single issue local plan review to incorporate any emerging Council priorities. However, due to the delay in the adoption of the local plan, this will be delayed until at the earliest 2021/22, hence the request for this budget to be carried forward into 2021/22.	40	0
Street names, lines and signs	63	23	(40)	Due to the national lockdowns planned works have been delayed and/or deferred. The unspent budget is requested to be carried forward to fund those works that will now be carried out in the next financial year.	40	0
Waste and Street Cleansing Contract	5,236	5,191	(45)	Application of the negative indexation rate of 0.89% to contract prices for services delivered in 2020/21.	0	(45)
Grounds Maintenance – Income from Services provided to settle	(199)	(171)	+28	Reduction in income follows a dispute raised by settle in respect of the level of service received not meeting that outlined in the service level agreement in the first half of the year. A refund has now been agreed in respect of services in Quarter One, with discussions ongoing to resolve any residual issues.	0	0
Transport Users Forum	50	3	(47)	£50k of funding has been allocated to set up a Transport Users Forum. This Forum has now been set-up and requires minimal ongoing funding. The funding will therefore be used on initiatives that promote use of public transport in the District. Initiatives will only be funded where they provide value for money and are supported by the Forum. £3k of this funding will be spent in 2020/21 on a bus service amalgamation project, while the remainder is requested to be carried forward to 2021/22.	47	0

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2021/22 Budget impact
Support for Leisure Facilities						
Leisure Centre Management	992	1,642	+650	Council approved further financial support to the Leisure Contractor in January to reimburse losses and enable the leisure facilities to be open when Covid-19 restrictions allow. Future levels of support will ultimately depend on any further restrictions and the speed of recovery. The forecast contribution from the Government's Leisure Recovery Fund (the £100m of support that was first announced in October) is based on the indicative allocation for the Council. Whilst this income is not guaranteed, it is hoped that the application will be successful.	0	2,000
Government Leisure Recovery Fund Contribution	0	(230)	(230)		0	0
Net Total	992	1,412	+420		0	2,000
Hitchin Market Management Contract	(24)	0	+24		0	28
Total of Explained Variances	6,039	6,329	+290		242	2,027
Other Minor Variances	13,291	13,292	+1		0	(2)
Total General Fund	19,330	19,621	+291		242	2,025

8.27. Budget proposals were put forward for discussion at Group workshops in November. Comments on the proposals made by the Groups were outlined in the draft budget report presented at the December meeting of Cabinet. The lists of savings and investments proposals is attached at appendix B.

8.28. Appendix B to this report includes two changes to those proposals agreed by Cabinet at the December meeting. The first relates to anticipated investment interest income. An additional pressure (R11) has been added to the list, with the budgeted level of interest income over the period revised in line with the returns detailed in the Investment Strategy (Capital and Treasury Combined) for 2021-31. The second is a revision to the timing of the biannual investment (PI2) for the local housing market analysis, as this will not now be undertaken in 2021/22 as originally planned.

Revenue effects of capital

- 8.29. The Council incurs some interest costs in relation to historic borrowing for capital purposes. The small cost of this is reflected in budget estimates. If the Council was to take out new borrowing for capital purposes then it would incur revenue costs in relation to interest payments and Minimum Revenue Provision (MRP). MRP is explained in the Investment Strategy report. As identified in the Investment Strategy report, the Council does not need to borrow to fund core capital spend, as it is forecast that this can be funded from existing capital reserves and the generation of new capital receipts. For capital spend that is line with the property acquisition and development strategy, no income generation or borrowing costs are assumed. This is considered to be a prudent approach in the absence of any specific opportunities at this stage, as the initial income generation would be required to exceed any borrowing costs

Reliability of estimates

- 8.30. As part of the budget setting process, the Chief Finance Officer is required to comment on the reliability of the estimates made. A prudent approach has been adopted, especially in relation to income where it is only included where there is a high degree of certainty over it being achieved.
- 8.31. In addition to those factors already highlighted in this report that may affect estimates, a further significant area of uncertainty is in relation to pay inflation, which has been assumed to be 2.25% across the period. This assumption is in line with the majority of Councils, and the allowances made are a factor in where the negotiations will end up. The Chancellor however announced a public sector pay freeze in the November Spending Review. This does not directly apply to Local Government pay but may be considered as part of pay negotiations. The pay awards that the Council actually pays will be unchanged by this, as they would still be based on the results of national pay bargaining.
- 8.32. The impact of Covid-19 remains a significant uncertainty. The funding towards expenditure pressures and the Council Tax support grant have been incorporated in to the budget. The only significant expenditure pressure in relation to Covid-19 that has now been assumed in the budget is the expected cost of supporting leisure provision in both the current year and 2021/22, following the decision made by Full Council in January. It is currently assumed that income levels will return to normal by 2022/23, but there is a risk that they will not. The unknown duration of the current period of restrictions makes it very difficult to estimate the impact on key income sources (e.g. parking) in 2020/21 and 2021/22. Following the previous easing of restrictions, parking income has bounced back towards normal levels quite quickly. The commitment from Government to Sales, Fees and Charges compensation also mitigates the majority of the financial pressure. The most significant issue will be if income levels do not substantially recover before the end of June, and the compensation scheme is not extended. There are also income sources (e.g. garden waste charges) that are not covered by the income compensation scheme. Overall it is very difficult to forecast and the increased minimum level of General Fund Balance highlights the need to create a cushion to protect from this uncertainty.

- 8.33. Overall it is considered by the Chief Finance Officer that the estimates made are as reliable as they reasonably can be. They will be subject to risk and this is the reason for setting a minimum General Fund balance and carrying out budget monitoring throughout the year.

Cumulative impact

- 8.34. The cumulative impact of all the estimates described in the previous sections is provided at Appendix C. This shows a forecast of funding and net expenditure for the next five years, including the impact on the General Fund balance. Appendix D is also provided to provide a summary in the event that a £10 Council Tax increase (band D equivalent) is allowed without the need for a referendum.
- 8.35. Appendix C also includes a forecast of the remaining savings that the Council still needs to deliver by 2025/26. Savings totalling £2m are estimated to be required in order for the Council to balance income and expenditure by the end of the period. Furthermore, with the proposed phasing of these savings, there would be a need to use more than £6m of reserves. These amounts could also be significantly affected by future changes to Local Government funding, with the introduction of the fairer funding formula and a proposed business rates reset potentially from 2022/23, ongoing impacts on expenditure and income from the Covid-19 pandemic, while they are also dependent on the successful delivery of the efficiencies identified in Appendix B. Appendix D shows that in the event of a £10 Council Tax (band D equivalent) increase for 2021/22, the savings that will need to be identified and delivered will be reduced to £1.75m. The use of reserves will reduce to around £5.3m.
- 8.36. This level of savings still required to be identified assumes that the Council will continue to increase Council Tax at the maximum level permitted without the need for a referendum. Any increase in Council Tax below this level would further increase the savings required to balance the budget over the period and require greater drawdown on reserves. As shown in Appendix C and D a deficit is anticipated for 2021/22 (before use of reserve balances). The proposal is therefore that Council Tax should be increased by the maximum allowed.
- 8.37. In response to the significant challenges indicated in this report, a budget review/challenge process has been started. This will highlight opportunities for savings (including efficiencies, service changes and income generation) in future years. Some of those opportunities will need to be taken forward in advance of next year's budget e.g. where they primarily relate to efficiencies. For the majority of those savings, which relate to service changes, these will need to be prioritised so that they can start to be developed and included in next year's budget. This will demonstrate that, whilst the exact value of the savings that the Council needs to deliver is unknown, the Council is committed to the work and decisions that will need to be taken in the medium-term. As set out in the Medium Term Financial Strategy it is expected that the Council will adopt a phased approach to balancing savings, and achieve an in-year balanced budget by 2025/26. Reserves will be used to balance the budget in intervening years.

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.
- 9.2. Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.
- 9.3. Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances

10. FINANCIAL IMPLICATIONS

- 10.1. These are covered in the body of the report.

11. RISK IMPLICATIONS

- 11.1. As outlined in the body of the report.
- 11.2. There are significant uncertainties and risks with regard to the funding of NHDC over the medium term. In particular the impact from the outcomes of the Fairer Funding review and 75% Business Rates retention.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" policy do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may affect staff, appropriate communication and consultation is provided in line with HR policy.

16. APPENDICES

- 16.1. Appendix A – Financial Risks 2021/22
- 16.2. Appendix B – Revenue Budget Savings and Investments
- 16.3. Appendix C – Budget Summary 2021 – 2026
- 16.4. Appendix D – Budget Summary 2021 – 2026 (£10 Council Tax increase 2021/22)

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18. BACKGROUND PAPERS

- 18.1. None.

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Appendix B - Revenue Budget Savings And Investments

New Efficiency Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
E1	Commercial	Commercial rents income. Efficiency associated with the capital scheme proposal for the replacement of Newark Close, Royston. Replacing and improving the condition of Newark Close should support NHDC in securing greater rent uplifts during rent reviews of those NHDC investment properties served by the road because access is a material factor in the properties' rent reviews.	Additional Income	(3)	(3)	(3)	(3)	(3)
E2	Commercial	Property management costs and commercial rents income. Efficiencies associated with the capital scheme proposal in respect of Thomas Bellamy House, Hitchin. The capital project will significantly raise the prospects of NHDC securing tenants for Thomas Bellamy House and generating a commercial rental income stream for the Council. Further, by securing tenants, NHDC will be in a position to pass on the costs of holding this property, such as energy and maintenance costs, to those tenants by way of leases or other occupational agreements. NHDC currently bears most/all of the holding costs as the building is largely vacant.	Additional Income	(18)	(27)	(46)	(46)	(46)
E3	Customers	IT Software License Costs. NHDC will not be renewing the SOPHOS Mobile Device Management Software (MDM) or Blackberry Works (Enterprise Software). From 31 March 2021 this software will be replaced with Microsoft In-Tune solution, which is provided as part of the Corporate Microsoft Enterprise Agreement.	Expenditure Reduction	(23)	(23)	(23)	(23)	(23)
E4	Legal & Community	Environmental Crime and Licensing overtime budgets. Reduction of £1k in each budget for weekend and out-of-hours working after reviewing levels of spend in recent years.	Expenditure Reduction	(2)	(2)	(2)	(2)	(2)
E5	Legal & Community	Independent Remuneration Panel (IRP) expenses. Proposed that the Members' Allowances Scheme is reviewed every four years, subject to the scheme making a provision for an annual adjustment of allowances by reference to an indexation. Each person on the Independent Remuneration Panel is paid an honorarium of £500 plus expenses incurred, e.g. mileage. If the scheme provides for an indexation there would be no need for the IRP to meet annually unless there was a change in circumstance, in which case the Council could request the IRP to convene.	Expenditure Reduction	-	(2)	(2)	(2)	-
E6	Legal & Community	Council meeting refreshments. £790 was spent in 2019/2020 on food and beverages for Council meetings . Holding virtual meetings provides an opportune time for refreshments to cease going forward. It would also save the Committee Team the time spent on sourcing and physically purchasing refreshments. Meetings that are all day where there is no opportunity for a lunch break would continue to have provision made.	Expenditure Reduction	(1)	(1)	(1)	(1)	(1)
E7	Legal & Community	Legal Consultancy. Legal consultancy has been used to support specific projects and service activities. It is proposed that the ongoing budget is removed and instead any potential liability for external legal advice is identified as a financial risk by service managers and factored into business cases.	Expenditure Reduction	(10)	(10)	(10)	(10)	(10)
E8	Legal & Community	Policy and Community Engagement overtime budget. Reduction in budget based on reducing staffing support to meetings, such as Councillor Surgeries / Town Talks / Cabinet Panels, to one officer where possible.	Expenditure Reduction	(2)	(2)	(2)	(2)	(2)
E9	Place	Reduction in street cleansing contract expenditure through a phased reduction in the number of street litter bins, by up to a quarter in number. Litter bins are currently emptied through the contract on an as required basis. An audit of litter bins would be undertaken by the Waste Client Team to determine any which are under utilised or in close proximity to other bins with low usage and therefore could be removed without significant adverse consequence. A phased approach is suggested to allow impacts to be measured. Efficiency value is net of the cost of removal. Also potential for some of these savings to be delivered through bin sponsorship.	Expenditure Reduction	-	-	-	-	-
E10	Place	Transfer of NHDC Public Conveniences. This would include the full time Public Conveniences at; - Howard Park, Letchworth - The Arcade, Hitchin - Fish Hill Royston The summer opening public conveniences at; - Bancroft Gardens, Hitchin - Avenue Park, Baldock Current cost is £63k per year, so that would be the maximum potential saving. Any saving would be part year only in first year. Would need to determine that there was a third party willing to take on before savings could be assumed.	Expenditure Reduction	-	-	-	-	-
E11	Regulatory	Planning Technical Support staffing costs. Deletion of a part-time Assistant Technical Support Officer post. This post is currently vacant. The change in working practises prompted by the flu pandemic, which are expected to continue ongoing, have removed the need for some of the duties undertaken as part of the role. For example, no further printing of plans will be required as officers will be provided with laptops.	Expenditure Reduction	(13)	(13)	(13)	(13)	(13)
E12	Resources (Regulatory)	Cease funding (either through grants or direct provision) of Christmas Trees to the four towns and the Letchworth Hospice	Expenditure Reduction	-	-	-	-	-
E13	Resources	Continued reduction in audit days (Shared Internal Audit Service- SIAS). Previous savings to reduce from 350 days down to 300 days. This proposal is for a further reduction down to 270 days (15 day reduction in 2022/23 and a further 15 days in 2023/24). It is still believed that this will provide sufficient coverage for the Council and to provide the required assurance from the Head of SIAS.	Expenditure Reduction	-	(5)	(9)	(9)	(9)
E14	Customers	Revenue savings associated with the proposed capital investment to facilitate the provision of laptops for all officers for use at home and in the office. Savings anticipated would include a reduction in telephone call charges, as the laptops would facilitate soft-telephony. The reduced office footprint required may also allow income generation from the renting of floor space at DCO. 'Green' benefits may also materialise in the form of reduced travel and energy consumption. Work is ongoing to quantify the financial impact.	Expenditure Reduction	tbc	tbc	tbc	tbc	tbc

E15	Legal and Community	Increase charges for Chair's reception to make it self-financing, stop having a Chair's reception or look at other options to make it zero net cost.	Expenditure Reduction	(4)	(4)	(4)	(4)	(4)
E16	Managing Director	Reduce frequency of Outlook from 3 editions per year to 2 editions per year.	Expenditure Reduction	-	(8)	(8)	(8)	(8)
E17	Regulatory	Remove Neighbourhood Planning Budget and use accrued specific reserve funding and funding from MHCLG (assuming that continues to be provided).	Expenditure Reduction	(10)	(10)	(10)	(10)	(10)
E18	Regulatory	Remove funding for Local Plan work post-2031, known as new settlement work. Rely on accrued specific reserves and future grant funding.	Expenditure Reduction	(30)	(30)	(30)	(30)	(30)
E19	Regulatory	Reduce Area Wide Parking Review budget from £65k to £15k. Royston review and remaining other work would be funded from accrued specific reserve.	Expenditure Reduction	(50)	(50)	(50)	(50)	(50)
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(145)	(160)	(164)	(164)	(162)
			Total Additional Income	(21)	(30)	(49)	(49)	(49)
			Total Expenditure Reduction	(166)	(190)	(213)	(213)	(211)

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
R1	Commercial	Employment of a temporary Estates Surveyor from an employment agency based on average required working pattern of 23 hours per week over a 48-week period, in lieu of a permanent appointment. NHDC has attempted to recruit a permanent Estates Surveyor on several occasions during 2020 without success. Despite the intention to carry out further recruitment attempts, it is considered prudent to request budget provision for a temporary position in order to have proper resource to carry out NHDC's estates management role, part of which has statutory function and basis. The investment value is net of the saving from the permanent post vacancy.	Additional Expenditure	12	-	-	-	-
R2	Customers	As part of the IT Strategy to move Council data to the cloud, there is a requirement to have a backup service of the data within the cloud to enable restores of data from Exchange and OneDrive. A recent SIAS audit of IT Disaster Recovery has recommended that NHDC invest in a SAAS (software as a service) to enable restores as part of their findings.	Additional Expenditure	20	20	20	20	20
R3	Place	Planting of 10,000 trees. At the request of the Executive Member, the development of a communications plan, including public events, to distribute small trees for residents to plant in their own gardens	Additional Expenditure	25	-	-	-	-
R4	Regulatory	Creation of a five-year Project Officer post to support delivery of the Local Plan targets, e.g. Town Centre Reviews. The estimated annual cost of £50k will be fully funded through existing permanent budget for planning development initiatives and the use of the Planning and Housing Delivery earmarked reserve. While this means there is a net zero impact on General Fund estimates, the proposal is highlighted here as there is an opportunity cost attached to the use of resource.	Additional Expenditure	-	-	-	-	-
R5	Regulatory	Use of the Town Wide Area Parking Review earmarked reserve over the next three years to fund additional responsibility payments to an existing planning officer to deliver area wide parking reviews, on-street charging (additional income) and replacement of lines and signs for enforcement initiatives. The additional cost currently anticipated over the three years is £16k, though the continuation of the ARP will be reviewed annually. While the use of the reserve mitigates the impact on the General Fund, the proposal is highlighted here as there is an opportunity cost attached to the use of the resource.	Additional Expenditure	-	-	-	-	-
R6	Resources (Managing Director)	Increase in costs of the subscription to the East of England Local Government Association, due to a requirement to fund their inherited past pension costs	Additional Expenditure	2	2	2	2	2
R7	Resources (Managing Director)	Subscription to the Co-operative Councils Innovation Network	Additional Expenditure	1	1	1	1	1
R8	Resources	Repairs and maintenance works to Council property assets. A review of works required has identified that the central budget of £185k is not sufficient to cover all necessary maintenance in 21/22. The additional investment value is after deferring where possible maintenance works into future years and is calculated on the assumption that, based on the experience of the prior year, approximately 50% of the annual budget will be required to fund reactive maintenance works during the year.	Additional Expenditure	122	-	-	-	-
R9	Managing Director	Council website development and maintenance costs. Rebuild of website due to end of life of the web platform, Drupal 7, in November 2021 plus ongoing development, support and hosting costs. Investment value is estimated cost based on some soft market testing undertaken - this work will be subject to a tender process and so final cost and profile of expenditure will depend on the outcome of the procurement exercise.	Additional Expenditure	83	18	18	18	18

R10	Managing Director	With reference to earmarked investment PI12 below, appointment of a Digital Media and Engagement Officer on a permanent basis. The current temporary post has had a significant impact on the level of engagement with the Council, with the ability to create more interactive content, e.g. videos, picture stories etc. NHDC now has 5,000 fans on Facebook, 11,200 followers on Twitter and 1,500 followers on Instagram. Engagement on Facebook more than doubled to 30,000 engagements (likes, shares or comments) from April 2019 – March 2020, compared to 14,000 between April 2018 – March 2019. It is therefore proposed that the post is incorporated into the Council's permanent staffing structure.	Additional Expenditure	-	32	32	32	32
R11	Managing Director	Investment interest income. Budget estimate adjusted in line with anticipated cash balances and interest returns, as detailed in the Council's Investment Strategy (Combined Capital and Treasury) for 2021-31.	Income Reduction	64	65	70	71	75
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	265	73	73	73	73
			Total Income Reduction	64	65	70	71	75
			Total Investments	329	138	143	144	148

Efficiencies earmarked in 2021/22 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Efficiency				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
PE1	Place	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. The planning application was refused by Central Bedfordshire Council, but NHDC has submitted an appeal against this decision. Whilst the Council feels that there is a good chance of success in the appeal, the process has delayed the achievement of any savings. The timing and value of savings is based on the Council making a prompt decision to appoint a new partner to deliver the Crematorium. The estimated efficiency value is based on the proposed terms of the original lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period. If however the Council decided to build the Crematorium itself then the savings could be greater, but would probably take longer to achieve and would require funding to be allocated through the capital budget.	Additional Income	-	(50)	(100)	(100)	(100)
PE2	Legal & Community	Cease MOU and contractual payments to identified Community Groups. Baldock Town Centre Partnership. Grant ceasing at the end of 2020/21.	Expenditure reduction	(2)	(2)	(2)	(2)	(2)
PE3	Legal & Community	Removal of budget provision for District Council elections in 2021/22 as no elections are scheduled to be held. Efficiency value includes both the £25k increase in estimated cost of elections reported at Q2 2019/20, which is attributed to rising venue hire prices and higher numbers of postal votes requested, and the £1k saving from integrating elections payroll onto the new Council payroll system. UPDATE CBP 2021/22: Removal of budget provision in 2025/26.	Expenditure reduction	(117)	-	-	-	(117)
PE4	Place	AFM income from Herts County Council. The efficiency proposal in setting the budget for 2020/21 was to adjust the budget estimates to better reflect the Council's current performance (annual income budget increased by £156k). The reduction in anticipated income beyond 20/21 is due to the HCC proposal to reduce the total amount allocated to collection authorities by 12.5% per annum (approximately £500k per year) for the next three years (impacting receipts from 2021/22). The actual impact will however depend on the Council's recycling performance relative to other Hertfordshire authorities, as well as the overall performance of Hertfordshire collection authorities in diverting waste from landfill and reducing associated costs incurred by HCC.	Additional Income	69	130	156	156	156
Total Net Budget Reduction from earmarked efficiencies			Total Expenditure reduction	(119)	(2)	(2)	(2)	(119)
			Total Additional Income	69	80	56	56	56
			Total Efficiencies	(50)	78	54	54	(63)

Investments earmarked in 2021/22 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
P11	Regulatory	Review of Social Housing stock- On a four yearly basis, procure consultants to analyse the condition of housing stock in North Herts and/or support activity on measures aimed at resultant findings/current priorities (e.g. helping residents introduce energy efficiency measures). UPDATE CBP 2021/22: Earmark £20k investment in 2024/25	Additional Expenditure	(20)	(20)	(20)	-	(20)
P12	Regulatory	Local housing market analysis- Appoint consultant biannually to provide information and analysis on the local housing market in order to inform the development of housing policies and strategies. UPDATE CBP 21/22: Due to Covid-19, the planned analysis will not be completed in 2020/21. It is therefore proposed that the exercise is conducted in 2021/22 and the biannual budget profile realigned accordingly.	Additional Expenditure	-	(8)	-	(8)	-
PI3	Commercial	To pay for the salaries of the Commercial Manager and Commercial Officer, as when this structure was approved it was agreed that the Special Reserve could be used to fund the first two years. This will allow the Council to continue to deliver the Commercial Strategy. UPDATE CBP 2021/22: Investment value updated to reflect estimated staffing cost based on current pay scale points. Original investment figure of £125k based on maximum value approved to be drawn down from Special Reserve.	Additional Expenditure	98	98	98	98	98

PI4	Regulatory	The undertaking of town centre strategy reviews, which form part of the documents supporting the Local Plan. It is proposed that the investment will be required in each of the next four years to cover all four towns.	Additional Expenditure	40	40	40	40	-
PI5	Place	Introduction of a discounted annual rate of £20 for garden waste collection for eligible customers from 20/21. Investment value in 2021/22 and beyond is the additional amount to reflect the full year impact of the discount (estimated to be £70k). The discount is offered to residents who are in receipt of housing benefit or universal credit (approx. 7000 properties), with the estimated value assuming a 50% take-up.	Income Reduction	23	23	23	23	23
PI6	Resources	Hitchin Fountain. Lady Dixon has agreed to pay for a new floating fountain to go in front of the church in Hitchin. It is believed that this will provide a more reliable water flow than the old pump. The supplier is prepared to provide free maintenance for the first 2 years if the Council agrees to put up an in keeping plaque near to the fountain. The quote for this maintenance after the first 2 years is just under £3k per year.	Additional Expenditure	2	3	3	3	3
PI7	Chief Executive	Triennial Pension Scheme Valuation. Increases in annual lump sum [fixed] contribution recommended by the actuary over the three year period from April 2020.	Additional Expenditure	28	57	57	57	57
PI8	Legal & Community	Provide inflationary increase (2%) for MOUs with CVC and Citizens Advice North Herts. Inflation increases beyond 2023/24 included within estimated inflation total.	Additional Expenditure	4	8	12	12	12
PI9	Regulatory	Delivery of a single issue Local Plan review to incorporate any emerging Council Priorities re. Climate Change Emergency into formal planning policy for the District. Dependent on the outcome of current Council Priorities work, the estimated two-year programme (2020/21 & 2021/22) would include commissioning of evidence and examination.	Additional Expenditure	-	(40)	(40)	(40)	(40)
PI10	Regulatory	Continuation of the Electric Vehicle strategy to incorporate any emerging Council Priorities re: the Climate Change Emergency / air quality. While details are not yet known, future implementation may require accompanying capital expenditure.	Additional Expenditure	-	-	(20)	(20)	(20)
PI11	Regulatory	To extend the joint Economic Development Officer post (shared with East Herts) for a further 2 years to the end of 2021/22.	Additional Expenditure	-	(26)	(26)	(26)	(26)
PI12	Managing Director	Extension of the employment of a Digital Media and Engagement Officer to end of 2021/22. The initial two year fixed term post was funded from the Corporate Strategic Priorities Fund, with appointment to the role in March 2019. Council agreed to a proposal last year to extend funding for the post for a further two years (2020/21 and 2021/22).	Additional Expenditure	-	(32)	(32)	(32)	(32)

Total Net Budget Increase from earmarked investments	Total Additional Expenditure	152	80	72	84	32
	Total Income Reduction	23	23	23	23	23
	Total Investments	175	103	95	107	55

Savings incorporated since 2020/21 Budget approved by Council in February 2020

Report	Service Directorate	Description of Saving	Budget Impact	Saving				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Q3 2019/20	Commercial	Rental Income for Phone Masts on DCO. Vodafone lease part of the DCO roof top for their phone mast. Following a landlord and tenant dispute, the annual rent agreed is now just over £8k; however, legislation may result in a reduction in the future rental value.	Additional Income	(8)	(8)	(8)	(8)	(8)
Q1 2020/21	Managing Director	Senior Management Tier 1 Restructure. The estimated net saving from the restructure of senior management approved by Full Council in April and implemented from 18th July 2020. The ongoing saving is from deleting the Chief Executive and Deputy Chief Executive posts, and creating a single Managing Director post. This saving is reduced by the additional payment made to the Service Director designated as Deputy to the Managing Director, equivalent to 10% of current salary.	Expenditure Reduction	(130)	(130)	(130)	(130)	(130)
Q1 2020/21	Resources	Human Resources staffing costs. The permanent saving from deleting the Corporate HR Manager post following the voluntary redundancy package approved by Full Council in July. This saving is net of the financial impact from the subsequent reconfiguration of HR Services staffing arrangements.	Expenditure Reduction	(50)	(50)	(50)	(50)	(50)
Q1 2020/21	Customers	Outbound Mail contract expenditure. The renegotiation of the Outbound Mail contract, effective from 1st August 2020, has enabled the Council to realise further savings from the lower than originally estimated volumes of outbound post being processed by the contractor. The saving has been partially offset by an increase in Royal Mail charges. The ongoing saving is anticipated until the contract ends in November 2023.	Expenditure Reduction	(52)	(52)	(52)	(52)	(52)
Q1 2020/21	Place	Contribution to operational costs at Fearnhill Sports Hall. The school has undertaken significant work on the sports hall in recent years, which has reduced the annual contribution required from the Council to the cost of maintenance and repairs at the facility.	Expenditure Reduction	(18)	(18)	(18)	(18)	(18)
Q2 2020/21	Place	Waste and Street Cleansing Contract Expenditure. Removal of the provision for indexation in the 20/21 budget.The budget for 20/21 assumed a contract indexation of 1.28%, based on the respective indices at that time. Due primarily to a subsequent fall in the fuel price index the calculation of the actual indexation rate for 20/21, as defined in the terms of the contract, resulted in a deflationary value of -0.89%.	Expenditure Reduction	(65)	(65)	(65)	(65)	(65)
Q2 2020/21	Resources	District Council Offices (DCO) Energy Costs. There is now sufficient consumption data to establish ongoing energy needs following the refurbishment of DCO and the switch to electric heating.	Expenditure Reduction	(13)	(13)	(13)	(13)	(13)
Q2 2020/21	-	Net total of minor permanent budget adjustments requested at Quarter Two 2020/21 (included in 'other minor variances' total in table 3)	Expenditure Reduction	(4)	(4)	(4)	(4)	(4)

Budget Report 2021/22	Place	Waste and Street Cleansing Contract Expenditure. Application of the negative indexation rate of 0.89% to contract prices for services delivered in 2020/21.	Expenditure Reduction	(45)	(45)	(45)	(45)	(45)
Budget Report 2021/22	-	Net total of minor permanent budget adjustments requested at Quarter Two 2020/21 (included in 'other minor variances' total in table)	Expenditure Reduction	(3)	(3)	(3)	(3)	(3)
Total Savings incorporated since 2020/21 budget agreed in February 2020			Total Expenditure Reduction	(380)	(380)	(380)	(380)	(380)
			Total Additional Income	(8)	(8)	(8)	(8)	(8)
			Total Efficiencies	(388)	(388)	(388)	(388)	(388)

Budget Pressures and Investments incorporated since 2020/21 Budget approved by Council in February 2020

Report	Service Directorate	Description of Pressure	Budget Impact	Pressure				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Q3 2019/20	Customers	Net cost of the Careline Service. An increase in maintenance costs is not being fully funded by the service users due to restrictions placed on increasing the weekly service user charge by HCC.	Additional Expenditure	19	19	19	19	19
Q3 2019/20	Regulatory	Net cost of providing temporary accommodation based on estimated annual spend of £80k. NHDC receives subsidy from the DWP for any households in temporary accommodation that receive housing benefit. The £10k pressure is due to not all households in sheltered accommodation qualifying for housing benefit, while there is also a cap on how much can be claimed.	Additional Expenditure	10	10	10	10	10
Q3 2019/20	Commercial	Rental income from Thomas Bellamy House. The lease with the Hitchin Christian Centre has come to an end and was not renewed by the tenant . The space is now being held vacant pending refurbishment of the entire building and future re-letting (included within other minor variances total in table 3).	Income Reduction	6	6	6	6	6
Q3 2019/20	-	Net total of minor permanent budget adjustments requested at quarter 3 2019/20 (included in 'other minor variances' total in table 3)	Additional Expenditure	6	6	6	6	6
Outturn 2019/20	Customers	Council Tax Summons Income. Reduction in forecast income followed the closure of the Court in response to the COVID-19 pandemic.	Income Reduction	57	57	57	57	57
Outturn 2019/20	Place	Income from the sale of textiles collected for recycling. Both the volume of materials collected, and the price received for textiles, have fallen significantly. As such, officers are now investigating the viability of the service.	Income Reduction	11	11	11	11	11
Outturn 2019/20	Customers	Careline alarms equipment costs. Careline are purchasing and installing digital alarms when an alarm requires replacement. The digital alarm costs twice as much as the analogue product previously installed but can be used up to three times, whereas the old analogue equipment could only be used once. Once there is sufficient turnover of the new alarm, annual equipment costs should reduce as alarms returned from former clients can be used for new installations.	Additional Expenditure	78	78	78	78	78
Outturn 2019/20	-	Net total of minor permanent budget adjustments requested at Outturn 2019/20 (included in 'other minor variances' total in table 3)	Additional Expenditure	3	3	3	3	3
Q1 2020/21	All	Staff Payroll Costs. The assumption in the original budget estimates was a staff pay award for 20/21 of 2%. The National Employer pay offer to Trade Unions in April was an increase to all salary points of 2.75%. The budget pressure is therefore the additional resource required for the increase in pay over and above the original 2% estimate.	Additional Expenditure	95	95	95	95	95
Q1 2020/21	Customers	Careline Service Overtime costs. The ongoing adjustment is to recognise the level of staff turnover apparent in recent years and the impact on overtime spend. The cost impact is particularly acute for Careline as a new member of staff requires training by an existing colleague, the hours of whom must then be backfilled either through overtime or the hiring of agency staff.	Additional Expenditure	12	12	12	12	12
Q1 2020/21	Customers	Benefit Overpayments Income. Forecast income reduction is attributed to the ongoing transfer of working age benefit claimants to Universal Credit, which is administered by the DWP. Since October 2018 the Council has not accepted Housing Benefit claims from new working age claimants or from existing claimants whose circumstances have changed, as housing costs are now part of Universal Credit. The benefit caseload has since dropped by 28%, from 6,426 to 4,614, with the reduction in activity therefore helping to reduce the incidence and value of benefit overpayments. The apparent downturn in the economy and reduction in individual incomes, from associated job losses or furlough, has also contributed to reducing the occurrence of benefit overpayments and accelerated the migration to Universal Credit.	Income Reduction	163	163	163	163	163
Q1 2020/21	Resources	Insurance premiums. There have been increases across a number of policy renewals, indicative of both the general climate in the insurance market and the fact that there were a couple of substantial claims relating to Development Control submitted in the past year.	Additional Expenditure	18	18	18	18	18
Q1 2020/21	Place	Bin stickers. The previous Waste Contractor would commission the Council to produce hangers and stickers for bins to show the collection dates during Easter and Christmas. Urbaser has since made alternative arrangements and this income will no longer be achieved (included in 'other minor variances' total at Q1).	Income Reduction	6	6	6	6	6
Q1 2020/21	Customers	Income from other Local Authorities for IT services. The shared support service contract for the Local Land and Property Gazetteer database has not been renewed by Hertsmere Borough Council (included in 'other minor variances' total in table 3).	Income Reduction	9	9	9	9	9
Q1 2020/21	-	Net total of minor permanent budget adjustments requested at Quarter One 2020/21 (included in 'other minor variances' total in table 3)	Additional Expenditure	5	5	5	5	5
Q2 2020/21	Regulatory	Stray Dog Contract costs. Increase in annual cost of the stray dog collection and kennelling service, provision of which is a statutory requirement, follows the outcome of the recent procurement exercise and the award of a new three-year contract to the successful supplier (included in 'other minor variances' total in table 3).	Additional Expenditure	9	9	9	9	9
Budget Report 2021/22	Place	Income from the sale of paper collected for recycling. Ongoing trend of falling tonnages, with volumes collected in April - November 2020 22% less than the equivalent period in 2019, attributed to consumers switching from print media to digital media.	Income Reduction	20	20	20	20	20

Budget Report 2021/22	Place	Recycling Credit Income. Falling paper tonnages collected for recycling reduces the incentive income eligible from Hertfordshire County Council.	Income Reduction	24	24	24	24	24
Budget Report 2021/22	Commercial	Hitchin Market Management Contract. Cabinet approved an eight-month contract extension from August to the end of March 2021 at zero cost to the Council. The proposal presented to Cabinet is for the cost neutral arrangement with Hitchin Market Ltd to continue into the next financial year (and potentially beyond).	Income Reduction	28	28	28	28	28
Budget Report 2021/22	Place	Alternative Financial Model Income from Hertfordshire County Council. The Covid-19 pandemic has impacted on the Council's recycling performance during the year, to the extent that the Council's eligible share was projected by HCC in October 2020 to be zero. The pressure value is after mitigating the impact with the removal of the expenditure budget that would have been funded by AFM (highlighted in Table 2 in the budget report).	Income Reduction	359	-	-	-	-
Budget Report 2021/22	Place	Leisure Centre Management Contracts. Council approved further financial support to the Leisure Contractor in January to reimburse losses and enable the leisure facilities to be open when Covid-19 restrictions allow. Future levels of support will ultimately depend on any further restrictions and the speed of recovery.	Additional Expenditure	2,000	-	-	-	-

Total pressures and investments incorporated since 2020/21 budget agreed in February 2020	Total Additional Expenditure	2,255	255	255	255	255
	Total Income Reduction	683	324	324	324	324
	Total Pressures Arising	2,938	579	579	579	579

Previously agreed changes, including updates to amounts

Reference	Service Directorate	Description	Budget Impact	Pressure / Saving				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
-	Managing Director	Reduction in annual interest payments relating to outstanding loans with Public Works Loans Board. The annual interest payments reduce as the loan principal is repaid. UPDATE CBP 2021/22: Estimates updated and extended to 2025/26	Saving	(1)	(2)	(4)	(5)	(7)
Council 31st August 2017	Managing Director	Annual interest (fixed at 3.5%) receivable from NHDC loan to SLL for purchase of gym and fitness equipment at Hitchin and Royston Leisure Centres, approved by Council in August 2017, decreases as the loan principal is repaid. Loan principal is scheduled to be fully repaid by the end of March 2023.	Pressure	3	7	10	10	10
-	Managing Director	District Wide Survey (estimated cost £18k) takes place in alternate years. UPDATE CBP 2021/22: Remove budget in 2024/25 and reinstate in 2025/26	Pressure	18	-	18	-	18

Total Net Budget Impact	Total Pressures	21	7	28	10	28
	Total Savings	(1)	(2)	(4)	(5)	(7)
	Net Budget Impact	20	5	24	5	21

Expenditure Budget requested to be Carried Forward from 2020/21

Report	Service Directorate	Purpose of Carry Forward	Carry Forward				
			2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Q1 2020/21	Managing Director	Apprenticeship Scheme. Three 18-month apprentice posts are being funded in 2020/21 from the carry forward of unspent budget in 19/20. The £11k carry forward requested is to fund the period of the contracts falling in 2021/22.	11	-	-	-	-
Q1 2020/21	Legal & Community	District Elections Expenditure. The District Elections that were due to take place in May 2020 have been postponed until May 2021 due to COVID-19. There is no budget provision for District Elections in 2021/22 as no elections were due to take place in the next financial year. It is therefore requested that this budget is carried forward. UPDATE CBP 2021/22: Original carry forward budget request of £117k at Q1 reduced by £50k. District Council elections in 2021 will be held simultaneously with the elections for Hertfordshire County Council and Hertfordshire Police & Crime Commisioner, with costs shared accordingly.	67	-	-	-	-
Q2 2020/21	Regulatory	Housing Stock Condition Survey. Resources to carry out the housing stock condition survey have been focussed on Covid-19 related actions. It is therefore requested to carry forward the £20k budget for the survey, which will be planned and, subject to available resources, carried out during 2021/2022.	20	-	-	-	-
Budget Report 2021/22	Legal & Community	Area Committee Grants. Request to carry forward budget amounts estimated to be unspent at the end of the financial year, due to both fewer grant applications than anticipated being received and in some cases represents grants awarded but not yet released pending evidence of criteria being met.	13	-	-	-	-
Budget Report 2021/22	Regulatory	Community Infrastructure Levy. In January 2020, Cabinet resolved that officers be instructed to conduct a review to consider the feasibility of introducing a CIL for residential sites. The review was due to be reported in the second half of 2020. However this review is also dependant on the outcome of a government white paper. It is requested that the unspent budget is carried forward into 2021/22 to cover any costs arising from this review or its recommendations.	87	-	-	-	-
Budget Report 2021/22	Regulatory	Single Issue Local Plan. An investment bid was approved for the delivery of a single issue local plan review, to incorporate any emerging Council priorities. However due to the delay in the adoption of the local plan, this will be delayed until at the earliest 2021/22, so request for this budget to be carried forward into 2021/22.	40	-	-	-	-
Budget Report 2021/22	Regulatory	Electric Vehicle Charging. This budget was an investment bid to engage consultants to undertake a study to review and consider opportunities from Electric Vehicle Charging. Officers have prepared a Scoping Document and undertaken a consultation to define the extent of a Strategy and agreed action plan for adoption. Work on the Strategy was underway prior to the pandemic and will now continue into 21/22. The requested carry forward of the unspent budget will fund any specialist advice required.	15	-	-	-	-

Budget Report 2021/22	Regulatory	Parking lines and signs. Lockdowns in the year have meant that planned works have been deferred. The resource is requested to be carried forward to fund those works that will now take place in the next financial year.	40	-	-	-	-
Budget Report 2021/22	Regulatory	Transport User Forum. £50k of funding has been allocated to set up a Transport Users Forum. The Forum has now been set up and £3k of this funding will be spent in 2020/21 on a bus service amalgamation project, while the remainder is requested to be carried forward. The funding will be used on initiatives that promote use of public transport in the District. Initiatives will only be funded where they provide value for money and are supported by the Forum.	47	-	-	-	-
Total Budget Carried Forward			340	-	-	-	-

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All amounts £000	2021/22	2022/23	2023/24	2024/25	2025/26
Net expenditure brought forward	14,902	18,391	15,696	15,634	15,415
Planned delivery of savings previously identified	-51	128	-24	0	0
Planned Investments previously approved	194	-56	-24	0	0
Other previously identified adjustments in future years	20	-15	19	-2	0
Ongoing impact of variances reported in year and CBP updates	2,532	-2,374	15	-5	-153
New savings proposals	-166	-24	-23	0	2
New investment proposals	329	-191	5	1	4
Net pay increments	37	50	50	50	50
Pay inflation	304	300	300	300	300
Forecast Contractual Inflation	80	300	300	325	325
Forecast Income Inflation	-129	-273	-280	-288	-296
Investment allowance in future years	0	0	0	0	0
2020/21 Budgets Carried Forward	340	-340	0	0	0
Further savings tbc	0	-200	-400	-600	-800
Total Net Expenditure	18,391	15,696	15,634	15,415	14,847
Council Tax Income	-11,862	-12,252	-12,501	-12,751	-13,005
Council Tax Collection Fund (Surplus) / Deficit	77	54	54	0	0
(Negative) Revenue Support Grant	0	1,159	1,182	1,206	1,230
Business Rates	-2,726	-2,780	-2,836	-2,893	-2,951
Business Rates - Under-indexing of multiplier compensation	-142	-142	-145	-148	-151
New Homes Bonus	-392	-131	0	0	0
Lower Tier Services Grant	-116	0	0	0	0
Coronavirus (COVID-19): emergency grant funding	-558	0	0	0	0
Coronavirus (COVID-19): Council Tax Support Grant	-230	0	0	0	0
Coronavirus (COVID-19): Sales, Fees and Charges Income Compensation	-140	0	0	0	0
Other	39	23	23	23	23
Total Funding	-16,050	-14,069	-14,223	-14,563	-14,854
Net funding position (use of reserves)	2,341	1,627	1,411	852	-7
General Fund b/f	7,392	7,392	7,074	5,663	4,811
Funding Equalisation Reserve	-398	0	0	0	0
Special Reserve transfer	0	-716	0	0	0
MHCLG Grants Transfer	-1,943	-593	0	0	0
General Fund c/f	7,392	7,074	5,663	4,811	4,819

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Appendix D - General Fund Estimates for 2021/22 to 2025/26 (£10 Council Tax increase 2021/22)

All amounts £000	2021/22	2022/23	2023/24	2024/25	2025/26
Net expenditure brought forward	14,902	18,391	15,696	15,684	15,465
Planned delivery of savings previously identified	-51	128	-24	0	0
Planned Investments previously approved	194	-56	-24	0	0
Other previously identified adjustments in future years	20	-15	19	-2	0
Ongoing impact of variances reported in year and CBP updates	2,532	-2,374	15	-5	-153
New savings proposals	-166	-24	-23	0	2
New investment proposals	329	-191	5	1	4
Net pay increments	37	50	50	50	50
Pay inflation	304	300	300	300	300
Forecast Contractual Inflation	80	300	300	325	325
Forecast Income Inflation	-129	-273	-280	-288	-296
Investment allowance in future years	0	0	0	0	0
2020/21 Budgets Carried Forward	340	-340	0	0	0
Further savings tbc	0	-200	-350	-600	-600
Total Net Expenditure	18,391	15,696	15,684	15,465	15,097
Council Tax Income	-12,109	-12,501	-12,751	-13,005	-13,264
Council Tax Collection Fund (Surplus) / Deficit	77	54	54	0	0
(Negative) Revenue Support Grant	0	1,159	1,182	1,206	1,230
Business Rates	-2,726	-2,780	-2,836	-2,893	-2,951
Business Rates - Under-indexing of multiplier compensation	-142	-142	-145	-148	-151
New Homes Bonus	-392	-131	0	0	0
Lower Tier Services Grant	-116	0	0	0	0
Coronavirus (COVID-19): emergency grant funding	-558	0	0	0	0
Coronavirus (COVID-19): Council Tax Support Grant	-230	0	0	0	0
Coronavirus (COVID-19): Sales, Fees and Charges Income Compensation	-140	0	0	0	0
Other	39	23	23	23	23
Total Funding	-16,297	-14,318	-14,473	-14,817	-15,113
Net funding position (use of reserves)	2,094	1,377	1,211	648	-16
General Fund b/f	7,392	7,392	7,392	6,360	5,712
Funding Equalisation Reserve	-398	0	0	0	0
Special Reserve transfer	0	-716	0	0	0
MHCLG Grants Transfer	-1,697	-661	-179	0	0
General Fund c/f	7,392	7,392	6,360	5,712	5,728

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