

7a REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 18 JANUARY 2021 – REVENUE BUDGET 2021/22

NB: To be taken with Item 11

RECOMMENDED TO CABINET:

- (1) That the decrease in the 2020/21 working budget of £129k, as detailed in table 5, be approved.

That Cabinet recommend to Council:

- (2) That the position on the Collection Fund and how it will be funded be noted;
- (3) That the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.7 million is recommended, be noted;
- (4) That the savings and investments as detailed in Appendix B be approved;
- (5) That a net expenditure budget of £16.390m, as detailed in Appendix C, be approved. In the event of a £10 band D increase being allowed, then Appendix D would apply.
- (6) That 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), be approved. 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.

REASONS FOR DECISIONS:

- (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.
- (2) To ensure that Cabinet recommends a balanced budget to Full Council on 11 February 2021.

The Service Director – Resources presented the Addendum report entitled Revenue Budget 2021/2022 and explained that the main update to the report was in relation to Recommendation 2.6.

The Service Director – Resources directed Members to various sections of the report including:

- Paragraphs 8.4 – 8.5 on page 6 within the report and advised that the Council Tax base calculation for 2021/22 had been calculated at 49.396.9, which represented a 1.17% decrease on the Council Tax Base for 2020/21 and was equivalent to a £140k reduction in Council Tax income. The cause of this was a potential consequence of the Covid-19 pandemic on resident's finances and an increase in the eligibility of Council Tax Reduction support;
- Paragraph 8.8 on page 7 within the report, namely Council Tax support grant;

- Paragraph 8.9 on page 7 within the report and advised that the Government had 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; and
- Paragraph 8.10 on page 7 within the report and advised that the Government had 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.

The Service Director – Resources pointed Members towards Table 3 – Specific Reserves on page 11 within the report and provided some additional information relating to its contents, including:

- MHCLG Grants Reserve – it was considered that £2.5m could be released from the reserve and used to cushion the impact on the General Fund of the anticipated funding shortfall from 2022/23;
- Special Reserves – The reserve was maintained for special financial pressures. As detailed in the Covid-19 Financial Impacts report, the Special Reserve would be released in to General Fund balances. The balance of £716k would be transferred in 2022/23.

The Service Director – Resources then directed Members to Table 5 - Summary of forecast variances and provided further detail on the Budget Area - Support for Leisure Facilities including that there would be an update on the financial position of the Leisure Facilities presented to Council on 21 January 2021.

The following Members asked questions:

- Councillor Sam North; and
- Councillor Morgan Derbyshire.

In response to the Member's question regarding the Syrian Refugee Project, the Service Director – Resources advised that he would find out how many Syrian refugees had been accommodated thus far and he would update the Committee with the figure in due course.

In response to the Member's question regarding Council Tax Support for Parishes, the Service Director – Resources advised that it started a long time ago when CTS stopped being funded by central Government and was localised.

It was:

RECOMMENDED TO CABINET:

- (1) That the decrease in the 2020/21 working budget of £129k, as detailed in table 5, be approved.

That Cabinet recommend to Council:

- (2) That the position on the Collection Fund and how it will be funded be noted;
- (3) That the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.7 million is recommended, be noted;
- (4) That the savings and investments as detailed in Appendix B be approved;

- (5) That a net expenditure budget of £16.390m, as detailed in Appendix C, be approved. In the event of a £10 band D increase being allowed, then Appendix D would apply.
- (6) That 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), be approved. 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.

REASONS FOR DECISIONS:

- (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.
- (2) To ensure that Cabinet recommends a balanced budget to Full Council on 11 February 2021.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 18 January 2021 can be viewed at Minute 61 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CIId=146&MIId=2456&Ver=4>