

Report to	County Council
Date of meeting	26 th January 2021
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Budget 2021/22 - Final Proposals

1. What is the report about?

The report sets out the implications of the Local Government Settlement 2021/22 and proposals to finalise the budget for 2021/22.

2. What is the reason for making this report?

2.1 The Council is legally required to set a balanced and deliverable budget before the start of each financial year and to set the resulting level of Council Tax to allow bills to be sent to residents.

2.2 To provide an overview of the budget process and the impact of the Local Government Settlement and to approve the budget for 2021/22, including the level of Council Tax.

3. What are the Recommendations?

3.1 To note the impact of the Draft Local Government Settlement 2021/22.

3.2 That Council approves the proposals outlined in Appendix 1, and detailed in Section 4, in order to finalise the budget for 2021/22.

3.3 That Council approve the average Council Tax rise of 3.8% proposed.

3.4 That Council delegate authority to the Head of Finance and Property in consultation with the Lead Member for Finance to adjust the use of cash included in the budget

proposals by up to £500k if there is movement between the draft and final settlement figures in order to allow the setting of Council Tax in a timely manner.

3.5 That Council confirms that it has read, understood and taken account of the Well-being Impact Assessment.

4. Report details

4.1 The Draft Local Government Settlement for 2021/22 was received by the council on 21st December and resulted in a positive settlement of +3.6%, compared to the Welsh average of 3.8%. The Final Settlement is expected on the 2nd March but Welsh Government (WG) have indicated that there should be very few changes.

4.2 As part of the settlement there were 'transfers in' of £1.280m which have been passported to the relevant service areas as in previous years:

- 2020/21 Teachers' Pay Grant - £0.135m
- Coastal Risk Management Programme £1.145m

4.3 The final proposals to balance the 2021/22 budget are shown in the Medium Term Financial Plan (MTFP) in Appendix 1. The main areas of growth and pressures are:

- Pay pressures of £0.870m
- Price and energy inflation of £250k
- Fire Service Charge of £162k
- Allowance for increase in Council Tax Reduction Scheme of £350k
- Schools inflationary pressures are recognised amounting to £1.205m
- Schools investment in Additional Learning Needs £1.192m
- Schools investment in small schools' sustainability £161k
- Schools demographic pressure of £718k
- £2.4m to recognise demand pressures and forecasts in Community Support Services as part of the council's long term strategy to manage care budgets
- £0.750m to recognise existing pressures in Education and Children's Services relating to Out of County Placements and Recoupment.
- £250k pressures in Waste Services have been recognised based on estimates of ongoing year pressures

- Impact of previous by Council/Cabinet decisions (eg Rhyl Flood Scheme, North Wales Economic Ambition Board): £0.276m
- £389k pressure for investment in Carbon Zero Target required in order to the 2030 target agreed by Council.
- Investment of £250k in the Ash Die-Back problem. This would make permanent the one-off funding identified in last year's budget.
- In light of the scale of the pressures and the Covid and Brexit impact still unresolved a contingency of £683k has been included

4.4 The pressures identified above amount to £9.903m. The impact of using £685k of cash in 20/21 (which has the effect of just delaying the need to identify savings) means that the total shortfall amounted to £10.588m. A draft settlement of around 8% would have been required in order to fund all these pressures. The net +3.6% settlement generates £5.42m additional revenue leaving a funding gap of £5.167m. The following items are included in the proposals in order to bridge that gap:

- Fees and Charges Income Budgets have been inflated in line with agreed Fees and Charges policy which increases external income by £0.462m.
- Operational efficiencies amounting to £690k mostly identified by services throughout the year and within Head Service delegated responsibility in consultation with Lead Members.
- Savings of £0.781m have also been identified which change service provision in some way and which were shared in detail with Cabinet and Council in the December briefings.
- 1% (£0.733m) Schools efficiency target from Schools Delegated Budgets. As school budgets are devolved, it will be for each governing body to determine how the savings will be delivered.
- It is recommended that the Council Tax increases by 3.8% which will generate £2.132m additional revenue. This compares to last year's increase of 4.3% and 6.35% the year before that.
- Finally, the Council Tax Base has increased more than expected this year which means that additional Council Tax of £369k is projected.

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities. The proposals include allocations to continue to support priorities.

6. What will it cost and how will it affect other services?

Details are set out in Section 4.

7. What are the main conclusions of the Well-being Impact Assessment?

Well-being Impact Assessments for the Council Tax increase is included in Appendix 3.

8. What consultations have been carried out with Scrutiny and others?

In addition to regular reports to the Corporate Governance Committee, the budget process has been considered by SLT, Cabinet Briefing, Group Leaders and Council Briefing meetings. The School Budget Forum have been included in the proposals through-out the year. Trade Unions have been consulted through Local Joint Consultative Committee. The Covid pandemic has impacted on the level of consultation and engagement with the public, however plans are in place to engage early with all stakeholders during the budget process for 2022/23.

9. Chief Finance Officer Statement

9.1 The aim of the budget process is to ensure that the council delivers a balanced budget. The impact of the pandemic and the uncertainty over the level and timing of financial settlements again this year has made financial planning even more challenging. However, the draft settlement when it was finally issued continued a welcome return to positive settlements which hopefully recognise the important work Local Government delivers and the pressures that it faces.

9.2 The proposals set out in this report offer a balanced approach which takes into account the following principles:

- Aim to recognise and remedy in year and forecast service pressures as much as possible in order to build in resilience.
- Ensure services are challenged to deliver efficient services, but to try and minimise the impact of proposals on services users and staff.
- Keep Council Tax increases as low as practicable.
- Limit the use of Cash which only delays the need to identify savings.
- Maintain funding for corporate priorities.

9.5 Due to the very late date for the Final Settlement it is recommended that Cabinet and Council delegate authority to the Head of Finance and Property in consultation with the Lead Member for Finance to adjust the use of cash included in the budget proposals by up to £500k. WG has indicated that there are unlikely to be any material changes, however it is sensible to have a contingency plan agreed beforehand.

9.4 If the proposals in this report are not accepted, alternative proposals must be submitted to balance the budget.

10. What risks are there and is there anything we can do to reduce them?

The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way. Failure to agree these proposals without viable alternatives will risk achieving a balanced budget for 2021/22.

11. Power to make the decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.