

POLICY & FINANCE COMMITTEE

21 JANUARY 2021

POLICY & FINANCE COMMITTEE REVENUE BUDGET 2021/22

1.0 Purpose of Report

- 1.1 To seek feedback from the Policy & Finance Committee on the proposed general fund revenue budget for the 2021/22 financial year (01 April 2021 – 31 March 2022) for those services which fall under its remit.
- 1.2 To seek feedback from the Committee on the scale of proposed fees & charges for 2021/22 for those services which fall under its remit.
- 1.3 To seek approval from the Committee for the 2021/22 base budget in **Appendix A** to be recommended to Policy & Finance Committee at its meeting on 22 February 2021 for inclusion in the overall council budget.
- 1.4 To seek approval from the Committee for the 2021/22 fees & charges in **Appendix D** to be recommended to Policy & Finance Committee at its meeting on 22 February 2021 and Council at its meeting on 09 March 2021.

2.0 Background Information

- 2.1 Business managers and service budget officers have been working with officers in the Financial Services team to prepare a general fund budget for 2021/22 and medium-term financial plan for between 2021/22 and 2024/25. The general fund budgets have been prepared in line with the strategy agreed by Policy & Finance Committee on 25 June 2020.
- 2.2 The budget and medium-term financial plan have been developed to reflect, in financial form, the corporate priorities of the Council. Where further targeted areas of focus have been identified, additional resources have been directed to these business units.
- 2.3 **Appendices A** and **B** summarise the budgets proposed for the Committee for 2021/22 by service team and subjective level respectively. These **appendices** exclude capital charges and central support recharges, because service officers do not have direct influence over how much they pay for these. The budgets in this report and its **appendices** are for controllable costs: costs which service officers have direct influence over.

Revenue Budget

- 2.4 *Table 1* below compares the Committee's 2020/21 initial budget for controllable costs, as approved by Council on 09 March 2020, with its currently proposed 2021/22 budget for controllable costs. The Committee's proposed 2021/22 budget is £490,000 more than its 2020/21 initial budget; an increase of 10%.
- 2.5 The £490,000 increase in the Committee's proposed 2021/22 budget is comprised of a £709,000 increase in employee costs and a £26,000 increase in running costs, partially offset by a £245,000 increase in income.

Table 1: changes in controllable costs between 2020/21 and 2021/22 budgeted for services in Policy & Finance Committee

Expenditure or income?	Expenditure type	2020/21 initial budget (£m)	2021/22 base budget (£m)	Increase or (decrease) in budget (£m)
Expenditure	Employees	4.802	5.511	0.709
Expenditure	Running Expenses	2.101	2.127	0.026
Expenditure	Non-Housing Benefit	6.903	7.638	0.736
Income	Non-Housing Benefit	(1.835)	(2.080)	(0.245)
Net Expenditure	Non-Housing Benefit	5.068	5.558	0.490
Expenditure	Housing Benefit	20.492	20.492	0.000
Income	Housing Benefit	(20.633)	(20.633)	0.000
Net Expenditure	Housing Benefit	(0.140)	(0.140)	0.000
Net Expenditure	Total	4.928	5.418	0.490

2.6 Most of the changes above in budgeted employee costs, running expenses and income relate to a small number of services. Tables 2-4 below show the five services which most account for each of the changes above.

2.7 Five services account for 93%, or £656,000, of the £709,000 increase in budgeted employee costs.

Table 2: the five services in Policy & Finance Committee which most account for changes in budgeted employee costs between 2020/21 and 2021/22

Rank	Service (cost centre)	Increase or (decrease) in employee budget (£m)	Percentage of change in overall employee budget
1	Corporate Asset Development	0.264	37%
2	Non Distributed Costs	0.260	37%
3	ICT	0.175	25%
4	Legal Section	(0.126)	(18)%
5	Other Financial Transactions	0.083	12%
		0.656	93%

2.8 Five services account for -295%, or £-77,000, of the £26,000 increase in budgeted running expenses.

Table 3: the five services in Policy & Finance Committee which most account for changes in budgeted running expenses between 2020/21 and 2021/22

Rank	Service (cost centre)	Increase or (decrease) in running expenses budget (£m)	Percentage of change in overall running expenses budget
1	Corporate Asset Development	(0.140)	(533)%
2	Repairs & Maintenance - A4T	0.130	497%
3	Discretionary Housing Payments	0.081	309%
4	Administration Services	(0.077)	(293)%
5	Financial Services	(0.072)	(275)%
		(0.077)	(295)%

2.9 Five services account for 102%, or £250,000, of the £245,000 increase in budgeted income.

Table 4: the five services in Policy & Finance Committee which most account for changes in budgeted income between 2020/21 and 2021/22

Rank	Service (cost centre)	(Increase) or decrease in income budget (£m)	Percentage of change in overall income budget
1	Repairs & Maintenance - A4T	(0.130)	53%
2	Corporate Asset Development	(0.112)	46%
3	Senior Leadership Team	0.095	(39)%
4	Discretionary Housing Payments	(0.081)	33%
5	Castle House	(0.022)	9%
		(0.250)	102%

2.10 **Appendix C** lists the reasons for increases or decreases of over £10,000 between the 2020/21 initial budget and proposed 2021/22 budget for services in Policy & Finance Committee.

Fees & Charges

2.11 Officers have considered the Fees and Charges Toolkit approved by Economic Development Committee on 20 November 2019 when setting the level of fees & charges. The proposed fees & charges for 2021/22 are in **Appendix D** for consideration.

3.0 Proposals

3.1 Officers are proposing to the Committee that it recommends to its meeting on 22 February 2021:

- a) the 2021/22 base budget in **Appendix A** for inclusion in the overall council budget;
- b) and to Council on 09 March 2021 the 2021/22 fees & charges in **Appendix D**.

4.0 Equalities Implications

4.1 Business Managers consider the implications on equalities when assessing how best to deliver the services they are responsible for.

5.0 Financial Implications (FIN20-21/4165)

5.1 The Committee's proposed 2021/22 budget is £490,000 more than its 2020/21 initial budget; an increase of 10%. Employee budgets of £5.511m account for 72% of controllable non-housing benefit costs. Significant budget savings cannot be achieved without affecting staffing levels.

5.2 The council's medium-term financial plan for between 2021/22 and 2024/25 requires significant savings in future years, as changes to how councils manage their finances and other challenges take effect.

5.3 It is important that the Committee continually scrutinises and reviews its budget in order to identify additional savings which will be achieved in future years.

6.0 Community Plan – Alignment to Objectives

6.1 The proposals in this report support the council to achieve all of the objectives of the Community Plan 2020-2023.

7.0 RECOMMENDATION

That the following recommendations be made to Policy & Finance Committee at its meeting on 22 February 2021:

- i. the 2021/22 base budget in Appendix A for inclusion in the overall council budget;**
- ii. and to Council on 09 March 2021 the 2021/22 fees & charges in Appendix D.**

Reason for Recommendation

To ensure that the budgets and fees & charges finally proposed for 2021/22 are recommended to Policy & Finance Committee on 22 February 2021.

Background Papers

Nil

For further information please contact Nick Wilson (Business Manager – Financial Services) on Extension 5317 or Mohammed Sarodia (Assistant Business Manager – Financial Services) on Extension 5537.

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