

COUNCIL – 9 FEBRUARY 2021

BUDGET AND BUSINESS PLANNING 2021/22 – 2025/26 CORPORATE PLAN

**Report by the Director of Finance and Corporate Director Customers,
Organisational Development & Resources**

RECOMMENDATIONS

The Council is **RECOMMENDED** to:

- (a) approve the Corporate Plan as set out in Section 2;**
- (b) have regard to the statutory report of the Director of Finance (at Section 3) in approving recommendations c to e below;**
- (c) (in respect of the budget and medium term financial strategy – at Section 4) approve:**
 - (1) the council tax and precept calculations for 2021/22 set out in Section 4.3 and in particular:**
 - (i) a precept of £407,954,238.76;**
 - (ii) a council tax for band D equivalent properties of £1,573.11;**
 - (2) a budget for 2021/22 as set out in Section 4.4;**
 - (3) a medium term financial strategy for 2021/22 to 2025/26 as set out in Section 4.1 (which incorporates changes to the existing medium term financial strategy as set out in Section 4.2);**
 - (4) the Financial Strategy for 2021/22 at Section 4.5;**
 - (5) the Earmarked Reserves and General Balances Policy Statement 2021/22 at Section 4.6 including:**
 - (i) the Chief Finance Officer's recommended level of General Balances for 2021/22 (Section 4.6), and**
 - (ii) the planned level of Earmarked Reserves for 2021/22 to 2025/26 (Section 4.6)**
- (d) (in respect of capital – at Section 5) approve:**
 - (1) the Capital & Investment Strategy for 2021/22 to 2030/31 including the Prudential Indicators and Minimum Revenue Provision Methodology Statement as set out in Section 5.1;**
 - (2) a Capital Programme for 2021/22 to 2030/31 as set out in Section 5.5 which includes new capital proposals set out in Section 5.6 and the Property Strategy set out in Section 5.4; and**
 - (3) the Investment Strategy for 2021/22 set out in Section 5.3.**
- (e) (in respect of treasury management) approve:**
 - (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 at Section 5.2 including the Treasury Management Prudential Indicators and the Specified Investment and Non-Specified Investment Instruments.**

- (2) that any further changes required to the 2021/22 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance.

Executive Summary

1. This report is the culmination of the Budget and Business Planning process for 2021/22 to 2025/26. It sets out the Cabinet's proposed budget for 2021/22, medium term financial plan to 2025/26 and capital programme to 2030/31, together with a number of strategies and policies that the Council is required to approve for the 2021/22 financial year.
2. The report is divided into four main sections which are outlined below:

Section 1 – Leader of the Council's overview
Section 2 – Corporate Plan
Section 3 – Statutory Report by the Director of Finance (Chief Finance Officer)
Section 4 – Revenue Budget Strategy
Section 5 – Capital Budget Strategy
3. This report provides an update to the report to Cabinet on 19 January 2021 following the receipt of council tax and business rate collection fund and business rates for 2021/22 from the City and District Councils. The business rates information received from South Oxfordshire District Council and Vale of White Horse District Council is draft and final confirmation will not be received until after publication of papers on 1 February 2021.
4. The Final Local Government Finance Settlement is expected after publication of papers and is expected to be announced on 4 February 2021.
5. An addendum will be published setting out the implications and any changes arising from the finalisation of the business rate figures and receipt of the final settlement. In the event that the information is not received within the necessary timeframe, a delegation from Council to the Director of Finance will be sought to enable necessary steps to be taken.
6. The budget proposals set out in Section 4 have been updated in the light of latest information. Changes since the report to Cabinet on 19 January 2021 are set out below in paragraphs 12 to 17 below.

Section 1 – Leader of the Council's overview

7. Section 1 to follow, will set out the Leader's speech on the proposed budget.

Section 2 – Corporate Plan

8. Section 2 sets out the new Corporate Plan 2021/22 for the Council.

Section 3 – Statutory Report by the Director of Finance (Chief Finance Officer)

9. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the estimates made in determining the council tax requirement and on the adequacy of the proposed financial reserves. This assessment is set out in Section 3 of the report. Council is required to have regard to this report in making their decisions on the budget.

Section 4 – Revenue Budget Strategy and Capital Programme

10. This section sets out the detailed 2021/22 revenue budget and the 2021/22 – 2025/26 medium term financial strategy, the overarching financial strategy and the Earmarked Reserves and General Balance Policy Statement. It includes those matters that the Council must approve as part of the budget setting process, including the council tax requirement and council tax amount for a band D property.

Section 5 –Capital Budget Strategy

11. This section sets out the Capital and Investment Strategy and the ten-year Capital Programme to 2030/31, together with the strategies which underpin this including the Treasury Management strategy, Investment Strategy and Property Strategy.

Updated Financial Information

Council Tax Collection Fund Surplus

12. Final estimates of the County Council's share of the council tax collection fund surplus were received by the end of January 2021. The amounts have now been confirmed and the Council will receive £6.3m in 2021/22, £1.3m more than budgeted in the current MTFs. It is proposed to use this one-off funding to make an additional contribution to the COVID-19 reserve.
13. This position means that it is not necessary to draw down funding from the Collection Fund Reserve in 2021/22 and the balance of £6.0m will be carried forward in the reserve for future years to help manage potential shortfalls against budgeted income.
14. In light of this improved position, the budgeted Collection Fund position has been increased from breakeven to £2.0m in 2022/23. This reduces the forecast gap in 2022/23 from £9.0m, as set out in the January Cabinet Report, to £7.0m.

Business Rates 2021/22 and Business Rate Collection Fund Deficit

15. The January Cabinet Report set out the assumption that there would be a £2.0m shortfall on business rate income in 2021/22 arising from a deficit on the Business Rate Collection Fund and a reduction to Business Rate Income. After taking account of changes to government grant funding that compensates local government for business rate reliefs, the net position is a shortfall of £1.2m. This is £0.8m less than expected. It is proposed to add this funding to the

Business Rates Reserve to help manage the impact of COVID-19 on business rates income over the medium term.

Changes to budget proposals

16. The changes to the 2021/22 budget and medium-term strategy from the report to Cabinet in January 2021 as set out in this report are summarised in the following table:

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Overall Position per January report (shortfall +/surplus -)	0.0	9.0	0.0	0.0	0.0	9.0
Council Tax Collection fund Surplus	-1.3	-0.7	0.0	0.0	0.0	-2.0
Additional contribution to COVID-19 Reserve	1.3	-1.3	0.0	0.0	0.0	0.0
Adjustment to Business Rate Income	-0.8	0.8	0.0	0.0	0.0	0.0
Additional contribution to Business Rates Reserve	0.8	-0.8	0.0	0.0	0.0	0.0
Revised Overall Position as per Section 4.1 (shortfall +/surplus -)	0.0	7.0	0.0	0.0	0.0	7.0

Legal Implications

17. The Council is required to set a balanced budget taking account of working balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Act 2003, section 25 requires the Council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which will lead to the council tax requirement being agreed for 2021/22, together with a budget for 2021/22, five-year medium term financial strategy and ten year capital programme.

Comments checked by:

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Equality Implications

18. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'

19. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with our new framework: Including Everyone. Where a potential material service impact has been identified, an initial Equality Impact Assessment has been completed and these are available as background papers to this report. An overarching summary impact assessment, taking into account the overall impact of the budget proposals is published as Section 4.8.

LORNA BAXTER

Director of Finance

Background papers:

- 1) Budget and Business Planning Report to Cabinet 16 October 2020
- 2) Budget and Business Planning Report to Performance Scrutiny Committee 18 December 2020
- 3) Budget and Business Planning Report to Cabinet 19 January 2021

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