



Prosperous Communities

Tuesday, 26 January 2021

Subject: Prosperous Communities Committee Budget 2021/22

Report by:	Assistant Director, Finance, Business and Property Services
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Purpose / Summary:	The report sets out details of the Committee's draft revenue budget for the period of 2021/22, and estimates to 2025/26.

RECOMMENDATION(S):

That Members recommend the Prosperous Communities Budget 2021/22 and revenue estimates to 2025/26 to Corporate Policy and Resources Committee for the purpose of budget setting 2021/22 and for inclusion in the Medium Term Financial Plan 2021/22 to 2025/26.

IMPLICATIONS

Legal:

The Council has a responsibility to set a balanced and legitimate budget and Council Tax requirement in compliance with statutory deadlines.

Local Authorities (Standing Orders) (England) (Amendment) Regs 2014 (SI 165) requires that once the budget is approved the minutes of the proceedings must record the names of the persons who cast a vote for the decision, against the decision or abstained.

Financial : FIN/112/21/SL

The 2021/22 base budgets and variance to the 2020/21 base budget are explained in the body of this report.

After taking a robust approach to the estimations within the budget for this Committee the total cost of services for 2021/22 will be £4.603m (£4.708m 2020/21).

This has resulted in base budget increases of £0.111m, and additional income of £0.217m, resulting in a net movement of £0.109m.

Included within the movement of £0.109m is £0.05m relating to Secondary Employer Pension Contribution payments (Pension Deficit contribution).

In addition, there are £0.144m of budgets relating to Earmarked Reserves to support one off project resources in 2021/22 (£0.409m in 2020/21). This is a movement of £0.265m from 2020/21 to 2021/22.

Services within this Committee have also contributed to Earmarked Reserves £0.085m in 2021/22 for asset replacement programmes (£0.085m in 2020/21). There is no movement from 2020/21 to 2021/22.

Excluding pension deficit and earmarked reserves, there is an increase of £0.13m on the base budgets for this committee, further details of which are contained within the report at section 2.

Staffing: Salary budgets reflect the approved organisational establishment for this Committee. Rates applied include the 2.75% pay award agreed for 2020/21, with a 0% increase for 2021/22 as per the Spending Review Announcement in November 2020. An estimated increase of 2% pa has been applied from 2022/23 onwards.

Equality and Diversity including Human Rights :

The Equality Act 2010 places a responsibility on Councils to assess their budget options before taking decisions on areas that could result in discrimination. Where appropriate assessments have been undertaken by the relevant service area.

Data Protection Implications: None arising as a result of this report.

Climate Related Risks and Opportunities: The Council intends to create an Earmarked Reserve within its overall 2021/22 budget to support investment in environmental and carbon reduction initiatives and the mitigation of climate change financial risk.

Section 17 Crime and Disorder Considerations :

Some fees and charges are set to discourage anti-social behaviour i.e. the bulky waste service and impact on fly tipping.

CCTV service charges are set to encourage take up of the service to increase public safety in the district and reduce anti-social behaviour.

Fixed Penalty Notices are fees set by the Government to enable Local Authorities to take action against anti-social behaviour.

Health Implications: None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment : The 2021/22 Budget Risk Assessment will be presented to the Corporate Policy and Resources Committee

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

Introduction

1.1 This report sets out the Prosperous Communities Committee base budget position for 2021/22 and estimates for 2022/23 – 2025/26, incorporating the medium term financial planning principals;

- To focus on achieving outcomes
- to drive a robust and sustainable financial position
- to support growth and service delivery, utilising the Council's resources
- to ensure financial decision making is based on robust, risk assessed business cases that clearly match our

The Committee are asked to consider the content of this report and recommend the 2021/22 budget and revenue estimates to 2025/26 to Corporate Policy and Resources Committee for the purpose of budget setting 2021/22 and for inclusion in the Medium Term Financial Plan 2021/22 to 2025/26.

1.2 The process for the preparation of this budget has included the following;

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic or legislative implications.
- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals, which can be delivered to ensure a sustainable budget.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £24.3k for services within this Committee. Full Details of proposed fees and charges were presented to Prosperous Communities Committee on the 1st December 2020.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures and savings incorporated into this budget which have not already been approved by the Corporate Policy and Resources Committee. These are in addition to the assumptions included within the budget i.e. pay award levels, inflation on utilities, Business Rates (NNDR) growth etc.
- Regular meetings have been held with the Chairs and Vice Chairs of Committees to ensure they are fully engaged in the process.
- Inclusion of the revenue implications of the DRAFT Capital Programme 2021/22 – 2025/26.

- Consultation with Parish Councils, residents and business ratepayers has been undertaken.
 - The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income.
 - Consideration of other Strategies i.e. Car Parking Strategy, Housing Strategy etc.
- 1.3 This Budget Preparation process has achieved a High Assurance rating from our Internal Auditors in September 2018.
- 1.4 Where additional expenditure and unavoidable costs have been identified, Business Units try to accommodate these extra costs by working more efficiently, generating extra income or reducing base budgets in non-priority areas. These items of additional expenditure and unavoidable costs, together with budget reductions are described below and have been built in to the base budgets.
- 1.5 The budgets are based on prudent pre-Covid activity, to enable any future impacts of the pandemic to be monitored against our base budgets and reported to Government, as we do in the current financial year.
- 1.6 The Prosperous Communities base budgets have been developed from the forecast budgets presented to Council in March 2020.

Service budgets have been aligned to the strategic focus for each of the Clusters outlined within the Corporate Plan 2019-2023, namely Our People, Our Place and Our Council.

To aid comparison capital charges and central support recharges have been omitted to present only revenue related controllable costs.

- 1.7 The Income and Expenditure Budget of the Committee is shown at Appendix 1.
- 1.8 The overall net Budget per Cluster (Our People, Our Place and Our Council) is attached at Appendix 2.
- 1.9 The Business Units income and expenditure budgets are included at Appendix 3.
- 1.10 The budget consultation report is attached at Appendix 4 for information.
- 1.11 No allowance has been made for price increases within general budgets for 2021/22 other than contractual obligations. Pay budgets for 2021/22 have been frozen at 2020/21 rates, following the Government Spending Review announcement on the 25th November 2020, and employer's superannuation increased in line with that provided by the Actuary.

- 1.12 Secondary Pension Contribution – the Lincolnshire Pension Fund’s Actuary (Hymans Robertson LLP) carries out a tri-annual review of the pension scheme to establish the overall deficit and minimum employer contributions required by the Fund.

The results of the latest review were issued November 2019 and provided employer contribution rates for the years 2020/21 to 2022/23.

The Primary Pension Contribution is a percentage of pay (17.2% 2020/21 to 2022/23). The Secondary Pension Contribution (Pension Deficit Contribution) is a set annual amount, paid as a lump sum monthly to the Pension Fund.

The overall movement in the Secondary Pension Contribution is;

	Year	£m payable	£m increase
	2019/20	0.863	
Actuarial Review Nov 19	2020/21	0.940	0.077
	2021/22	1.028	0.088
	2022/23	1.119	0.091

£0.598m (58.1%) of the 2021/22 amount payable is attributable to services within Prosperous Communities committee, allocated to services on the basis FTE.

2. Significant Variations

When compared to the 2020/21 base budget, the 2021/22 proposed budget shows an increase of £108.7k, excluding use of Earmarked Reserves and Pension Contribution payments. The major variances to the 2020/21 base budget are detailed below;

- 2.1 **Green Waste Charging** – Additional income of £63k has been built into the MTFP from 2021/22 based on current subscriptions to the service. Maintaining the current charge of £35 per annum was approved by this Committee as part of the review of fees and charges 10th December 2020.
- 2.2 **Leisure Management Contract** – the leisure management fee has reduced by £15.8k in line with the final contract.
- 2.3 **Development Management** – planning fee income has been re-profiled to reflect the Local Plan cycle, with a reduction in budgeted income for 2021/22 of £49.5k.
- 2.5 **Trade Waste Service** – income has been decreased by £22.5k for 2021/22 to reflect the end of a 2-year contract secured during 2019/20, for the period 2019/20 to 2020/21.

- 2.6 **Community Licences** – income has been increased by £19.3k to reflect cyclical increases in demand on licence fee income.
- 2.7 **Waste Management** – fuel expenditure has been increased by £14.7k to reflect current consumption and pricing.
- 2.8 **Building Control** – income has been increased by £16.3k to reflect anticipated demand, and future opportunities for income generation.
- 2.9 **Industrial Estates** – rental income budgets have been increased by £9.9k based on forecast occupation of the units.
- 2.10 Approved changes to the establishment during the year have resulted in a net increase in budget of £139k.
- 2.11 Remaining decrease in expenditure budgets of £24.3k consists of several small budgetary increases across services.
- 2.12 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

3. Fees and Charges

The Corporate Policy and Resources Committee held on 10th December 2020 considered the Fees and Charges recommended by this Committee.

4. Budget Consultation

Due to restrictions around avoiding public gatherings due to the Covid-19 pandemic, face to face events were not held this year. Instead, an online video, online and paper surveys and written submissions were put in place,

The objectives of the engagement were to:

- Raise awareness of the financial challenges
- Raise awareness of the diversity of services the Council provides
- Identify what areas of the Corporate Plan and the Business Plan should be prioritised.

The budget consultation report is attached at Appendix 4 for information.

5. Recommendations

That Members recommend the draft Prosperous Communities budget 2021/22 and revenue estimates to 2025/26 to Corporate Policy and Resources Committee for the inclusion in the Medium Term Financial Plan 2021/22 – 2025/26.