



Agenda Item 6

Executive
11 February 2021

Title: 2021/22 General Fund Budget and Council Tax

Lead Officer: Mike Snow / Andrew Rollins

Portfolio Holder: Richard Hales

Public report

Wards of the District directly affected: All

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: Yes

Included within the Forward Plan: Yes

Equality Impact Assessment Undertaken: N/A

Consultation & Community Engagement: N/A

Final Decision: To be agreed by Council 24 February 2021

Accessibility checked: Yes

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	1/2/2021	Chris Elliott
Head of Service	1/2/2021	Mike Snow
CMT	1/2/2021	
Section 151 Officer	1/2/2021	Mike Snow
Monitoring Officer	1/2/2021	Andrew Jones
Finance	1/2/2021	Andrew Rollins
Portfolio Holder(s)	1/2/2021	Richard Hales

1. Summary

- 1.1 This Report informs Members on the Council's financial position, bringing together the latest and original Budgets for 2020/21 and 2021/22, plus the Medium Term Forecasts until 2025/26.
- 1.2 This report will be presented to Full Council alongside a separate report recommending the overall Council Tax Charges 2021/22 for Warwick District Council.
- 1.3 The report presents a balanced Budget for 2021/22, something which the Council has been able to achieve without having to reduce the services it provides but with a heavy reliance on reserves and an ambitious savings/income generation programme. The savings coming out of the Budget proposals agreed by Members in December 2020 have been included within the Budgets. Once again the Council has not had to rely on New Homes Bonus to support core revenue spending and has been able to allocate this funding to supporting specific project work, while also replenishing reserves.
- 1.4 The Council is now forecasting to achieve an improved position on its 2020/21 Budget compared to the position previously reported to Members at August Executive, enabling a COVID Contingency budget to be established for 2021/22.
- 1.5 The increase proposed for Council Tax for 2021/22 is £5 per annum at Band D, in line with the maximum permitted under the relevant Council Tax Regulations.

2. Recommendations

The Executive recommend to Council to approve or to note as appropriate: -

- 2.1. The proposed changes to the 2020/21 budget as detailed in Section 3.2.
- 2.2. The Revised 2020/21 Net Cost of General Fund Services of £35,894,800 (Appendix 2), enabling £923,000 to be allocated to a newly established COVID Contingency Budget for 2021/22.
- 2.3. The proposed 2021/22 Budget, taking into account the changes detailed in Section 3.3 with a Net Cost of General Fund Services of £27,185,000, and the use of £2,846,100 from the Business Rate Retention Volatility Reserve (BRRVR).
- 2.4. Subject to the approval of the above 2021/22 Budget, the Council Tax charges for Warwick District Council for 2021/22 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows (3.6.7):-

	£
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

- 2.5. The projected Medium Term Financial Strategy (MTFS) encompassing the Budget Proposals agreed by members in December 2020 and the further changes that have been included.
- 2.6. The reserve projections and allocations to and from the individual reserves as detailed in Section 3.9.
- 2.7. The ICT Replacement and Equipment Renewal Schedules (Section 3.9.4, Appendices 6 and 7).
- 2.8. The General Fund Capital and Housing Investment Programmes as detailed in Appendices 9 parts 1 and 2, together with the funding of both programmes as detailed in Appendices 9 parts 3 and 4 and the changes described in the tables in section 3.10 and Appendix 8.
- 2.9. The allocation of funding discussed in Section 3.11 and summarised in Appendix 10.
- 2.10. The Financial Strategy (para 4.2 and Appendix 11).
- 2.11. That the Section 151 Officer, in consultation with the Finance and Business Portfolio Holder, is duly authorised to approve any business rate relief changes agreed by the Government to be incorporated into the 2021/22 Business Rate Billing and thereafter.
- 2.12. That the Section 151 Officer and Head of Development Services, in consultation with the Finance and Business Portfolio Holder, are duly authorised to design and approve any business grant and other financial support schemes proposed by the Government to be implemented in 2021/22 and thereafter.
- 2.13. The proposed allocation of £1,541,000 for the 2021/22 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes to fund the list of proposed works set out in Appendix 12, and approves the drawdown of funding from the Corporate Asset Reserve of up to £1,128,000 to support the 2021/22 programme.
- 2.14. That the Head of Assets, in consultation with the Chief Executive/Deputy Chief Executive and the Procurement Manager, is authorised to procure the proposed PPM works as per the Code of Procurement Practice, and delegates

authority to the Head of Assets, the Deputy Chief Executive and the Head of Finance, in consultation with the Finance & Business and Housing & Culture Portfolio Holders, to approve any amendments to the proposed programme of works listed at Appendix 12 and/or revisions to the amount of budget allocated for specific schemes, provided these can be accommodated within the overall PPM budget allocation of £1,541,000.

- 2.15. That members agree that the Local Council Tax Reduction scheme will continue in its current format for a further year with no planned changes to the administration. However, the Head of Finance should continue to exercise delegated powers to agree to any amendments to the scheme which might be required in line with Government announcements in respect of other income related benefits which if the scheme is not amended would otherwise make a claimant worse off.

3. Reasons for the Recommendations

3.1 Mandatory Obligations

- 3.1.1 By law, the Council must set a balanced budget before the start of the financial year. As part of this process it must levy a council tax from its local tax payers to contribute to financing General Fund expenditure.
- 3.1.2 It is prudent to consider the medium term rather than just the next financial year, taking into account the longer term implications of decisions in respect of 2021/22. Hence, Members receive a 5-year Medium Term Financial Strategy detailing the Council's financial plans, Capital Programme and Reserves Schedule.
- 3.1.3 The Local Government Act 2004, Section 3, states that the Council must set an authorised borrowing limit. The CIPFA Code for Capital Finance in Local Authorities states the Council should annually approve Prudential Indicators.
- 3.1.4 The Chief Financial Officer is required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement is made at Appendix 1).
- 3.1.5 This report is structured so as to build up and present a holistic view of the Council's finances for Members to assist them in considering the Budget and Council Tax proposals and associated matters. The report is structured as follows:-
 - 3.2 2020/21 Revenue Budget – update to the current year's budget
 - 3.3 2021/22 Revenue Budget – details of main items included within the proposed 2021/22 Budget
 - 3.4 2021/22 Local Government Finance Settlement
 - 3.5 Business Rates – details of main drivers impacting upon the Council's share of Business Rates.
 - 3.6 Council Tax – proposals for Warwick District Council level of council tax for 2021/22
 - 3.7 New Homes Bonus – details on the Council's allocation for 2021/22

- 3.8 Medium Term Financial Strategy – revenue projections for the Council for the next 5 years, taking into account latest information and decisions by Members.
- 3.9 Reserves and Balances – details on the funds held by the Council and the proposed usage thereof.
- 3.10 Capital Programme – details of Council’s capital projects and funding thereof.
- 3.11 Appropriation of funding and balances – proposals for the allocation of one-off funding allocations.
- 3.12 Business Rates – proposed delegations in respect of Reliefs and Grants
- 3.13 Pre-Planned Maintenance Programme – agreement to the plan for 2021/22.
- 3.14 Local Council Tax Support Scheme – proposed delegation.

3.2 2020/21 Revenue Budget

- 3.2.1 The current year revenue budget was last considered by Executive in August 2020. At that time a £5,676,000 adverse position was forecast for the year, which was to be partly supported by the use of non-ring fenced Government grants.
- 3.2.2 It was agreed that non-ring fenced Government grants received in tranches as part of their support to local authorities were to be allocated towards the overall revenue deficit projected for the year. As at August these totalled £1,683,800.
- 3.2.3 In addition, the Government had also announced a sales, fees and charges income compensation scheme. As at August, estimated compensation from the scheme was c£3,100,000.
- 3.2.4 The remainder of the deficit was to be supported through the use of BRRVR.
- 3.2.5 Since August, the following notable changes have impacted on the financial position for the current year:-

Expenditure Growth / Income Reductions

- Income losses as a result of COVID-19, with national restrictions, in addition to local decisions such as offering free parking in the District during December to support the local economy, reducing key income drivers such as car parking, commercial rent and event fee income by a further net (+£308,600).
- Increased expenditure as a result of COVID-19, including additional waste collection costs as a result of more waste being generated by homes due to people staying at home (+£600,000).
- A delay to the CCTV project which was due to be completed in 2020/21 as a result of COVID-19, which is ultimately expected to deliver recurrent savings (+£50,000).

Expenditure Savings / Increased Income

- Additional COVID income grants have been received: Following the release of details to support the sales, fees and charges income compensation scheme, the Council will be eligible to receive a further (-£400,000) during 2020/21. In addition, further tranches of non-ring fenced support grants (-£156,300), new burdens funding for Business Grants and Council Tax hardship (-£193,400) and funding to support Leisure and Arts Services (-£430,000) have been received.
- The receipt of Furlough grants to support the continued payment of casual staff who typically work within the cultural and arts services, areas that have been closed throughout the year (-£85,000)
- Expenditure savings from the closure of cultural and arts services, such as the Spa Centre and Town Hall, and the cancellation of a number of events hosted in the District, including the National Bowls Championships (-£593,000).

3.2.6 As a result of the key changes summarised above, the 2020/21 Net Cost of General Fund Services is now £35,894,800, allowing £923,000 to be allocated to the BRRVR, and drawn down if necessary in 2021/22 as part of a COVID-19 Contingency Budget allocation.

3.2.7 To balance the budget in the current year, it has been necessary to make use of the BRRVR. When the Substitute Budget was set 12 months ago (which was implemented following the Council Tax Referendum not taking place in May 2020), the General Fund was due to be receiving £739,900 from the BRRVR, with further significant drawdowns in 2021/22 and 2022/23. With the Council's financial position having suffered in the current year, primarily as a result of the global pandemic, it has been necessary to increase the contribution from the BRRVR to £2,321,200 so as to present a balanced position for 2020/21. The impact of this on the BRRVR is discussed further in paragraph 3.9.4.

3.3 2021/22 Revenue Budget

3.3.1 In preparing the 2021/22 Base Budget the over-riding principle is to budget for the continuation of services at the existing level. The following adjustments need to be made to the 2020/21 Original Budget.

- Removal of any one-off and temporary items
- Addition of inflation
- Addition of previously agreed Growth items
- Addition of unavoidable Growth items
- Inclusion of any identified savings

3.3.2 Inflation

Inflation of 2% has been applied to general budgets, including most major contracts. 0.5% has been used for Business rates.

3.3.3 Staffing

A 2% increase (+£263,000) has been factored in for 2021/22, subject to a pay award being agreed. Whilst the Chancellor has proposed no pay awards

for public sector workers, for local government this is to be determined by the national pay bargaining arrangements.

3.3.4 Expenditure Growth / Income Reductions

The following summarises the key drivers of expenditure growth, and income reductions that have been factored into the 2021/22 Revenue Budget.

- Waste collection, street cleansing and grounds maintenance contract increases (+£3,409,900)
- Waste management – new properties (+£40,200)
- A COVID-19 Contingency Budget to support increased expenditure costs, and further lost income (+£4,015,700). This includes the £923,000 referred to in section 3.2.6
- Contribution to the Climate Emergency Reserve (+£500,000)
- Lone working costs, as agreed at August 2020 Executive (+£26,500)
- HR Payroll Contract costs following transfer to new provider (+£10,300)

3.3.5 Expenditure Savings / Increased Income

The following summarises the key expenditure savings, and increased income that have been factored into the 2021/22 Revenue Budget.

- Fees and Charges, as agreed at November 2020 Executive (-£503,200)
- Savings Proposals, as agreed at December 2020 Executive (-£2,289,000)
- Various COVID-19 support grants to support loss of fee earning income and Council Tax support (-£1,023,700)

3.3.6 Collection Fund Deficit Recovery

On 2 July 2020, MHCLG announced a “comprehensive new funding package for councils to help address coronavirus pressures and cover lost income during the pandemic”. This included local authorities being able to spread business rates and council tax collection fund deficits over three years (rather than the usual one). The forecast deficit on the Collection Fund for council tax as at 31 March 2021 of £146,000 is due to be spread over the three subsequent years as set out below:-

This is reflected in the budget as follows:

	31/3/2021 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Collection Fund Deficit	146			
Deficit spread over 3 years charged to General Fund		39	54	54
Pressure / (Benefit)		(107)	54	54

3.3.7 Taking into account all known changes, the 2021/22 budget shows a deficit of £2,846,100. To present a balanced budget, it is proposed to use the BRRVR as previously agreed within earlier reports presented to Executive.

3.4 Local Government Finance Settlement 2021/22

3.4.1 The Government announced the provisional 2021/22 Finance Settlement in December. The Final settlement is expected to be confirmed shortly, ahead of the Council being due to agree its 2021/22 Budget and Council Tax in February. No changes are expected to the Final settlement, but Members will be duly informed if necessary.

3.4.2 2021/22 was originally due to be a major year in respect of local government finance as the following changes were due to come into place: -

- Fair Funding Review.
- New Business Rates Retention scheme based on 75% retained in local government, in place of the current 50% scheme.
- Reset of the Business Rates Baselines to reflect changes in rates collected locally since the scheme was introduced in April 2013.

These changes were originally due to come in for 2020/21, but were all delayed a year. As a result of the pandemic, the Government has sought to delay these changes again, with them now expected to come into force for 2022/23.

3.4.3 With the demise of the former Revenue Support Grant, the main tools that the Government has to control funding of individual local authority funding are:-

- Council Tax – for District Councils for 2021/22, this can be increased by up to the higher of 2% and £5, with the latter being the maximum applicable for Warwick District Council, unless a referendum is undertaken in respect of a higher amount.
- Business Rates – whilst local authorities have limited control of the overall revenue from business rates, the Government sets out through the Business Rate Retention Scheme the how business rates revenue is shared between the billing authority (Warwick District Council), other local authorities and Central Government. This is the key to the financial support local authorities receive. The delay to the Reset of the Baselines, will serve to greatly assist many District Councils such as Warwick.
- New Homes Bonus – For some years this has been expected to cease. However, it is to be continued for 2021/22, with Warwick District Council due to receive £3.269m. This is discussed more fully in section 3.7.
- Other Direct Grants – Over the last year additional Government funding by way of grant has become increasingly important to make up for increased expenditure and reduced income received by local authorities. Some additional funding for 2021/22 has already been agreed, and has been included within the 2021/22 Budget (paragraph 3.3.5 and 3.8.3 below).

3.5 Business Rates

- 3.5.1 Under the current Business Rate Retention Scheme, the Council currently receives approximately £5m per annum. Whilst the business rates base is relatively stable, complexities within the Retention Scheme mean that the element retained by the Council may fluctuate substantially year on year. The causes of these fluctuations are primarily: -

Appeals – There are still many appeals awaiting determination by the Valuation Office. An assessment of the success of these needs to be made and suitable provision has been allowed for within the estimated figures. Whilst it is hoped that this figure is suitably prudent, given the size and nature of some of the appeals, there remains a risk. April 2017 saw the introduction of the new “Check, Challenge, Appeal” regime seeking to expedite appeals and deter speculative appeals. Following previous revaluations, backdated appeals continued to be lodged for several years. The number of new appeals coming forward since April 2017 continues to be minimal. However, it is still expected that a significant number of appeals will come forward in subsequent years that will be backdated to 2017. It is necessary for an estimate of these future appeals to be allowed for in the 2020/21 and 2021/22 Estimates.

Accounting for the “Levy” - Under the Business Rate Retention Scheme, the timing of transactions, notably in respect of the “Levy” paid to central government, will result in substantial swings in the net rates retained by the Council in any specific year.

- 3.5.2 With the reset of the Business Rate Retention Baseline now expected in April 2022, from that date it is expected that the Council’s share of business rates will reduce to more closely align to the Baseline (currently £3.4m) as it loses its share of increases to the business rate base. A reduction in retained business rates has been allowed for in the projections from 2022/23. However, it is important that reserve funding is allowed for in case the position from 2022/23 is worse than forecast.
- 3.5.3 Due to the significant fluctuations in the business rates that the Council gets to retain in any individual year, in common with most other local authorities, it retains a BRRVR. Since 2018 the balance on this reserve continued to grow and peaked at £7.5m at 31 March 2020. In the current and future years, the Council’s Budget and MTFS are due to be supported by the BRRVR as allocations are made from the reserve to support revenue spending. Latest forecasts show the balance on the reserve will be down to £2m as at 31 March 2026.
- 3.5.4 Since the start of the Business Rate Retention Scheme, the Council has been part of the Coventry and Warwickshire Business Rates Pool. By pooling, local authorities are able to reduce the amount of the levy due to be paid to Central Government, and retain more income locally. For 2020/21 the Council’s Business Rates Retentions figures include approximately £400k as the gain from pooling for this year. Executive agreed in the Autumn that the

Council should seek to be part of the Pool for 2021/22. Within the Provisional Finance Settlement, the Government is proposing that the current pools will be able to continue for 2021/22.

- 3.5.4 The Business Rate Pool has continued to hold a Safety Net to cover the potential decrease in business rates collected. All pool members have agreed that the balance on the Safety Net is far greater than needed, at over £5.5m as at 31 March 2020. Consequently, some of the Safety Net balance has been returned to the billing authorities, with WDC due to receive a total of £566k in 2020/21. Consideration of how this balance is used is discussed in Section 3.11.
- 3.5.5 The Business Rates Retention figures within the MTFS are believed to be reasonably prudent taking into account all the above factors. These figures will continue to be reviewed and members will be informed of changes as the MTFS is presented in future reports.

3.6 Council Tax

- 3.6.1 As announced within the Provisional Local Government Finance Settlement, District Councils may increase their share of the Council Tax by the greater of up to 2% and £5 without triggering a referendum. This is the same limits as applied for 2020/21.
- 3.6.2 The national average council tax for District Councils is £199, and £244 including parish/town council precepts. This Council's Council Tax charge for 2020/21 is £171.86 (excluding Parish and Town Council precepts). This Council's charge is in the 2nd lowest quartile (60/172) and when Town and Parish Precepts are included it falls within the lowest quartile (30/172).
- 3.6.3 The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2021/22 is 55,916.75 Band D equivalents. This is a reduction of over 1,083 Band D Equivalent properties to the figures originally factored into the Financial Strategy for 2021/22 as reported in February 2020. This reduction is primarily related to the impacts of the pandemic, whereby there have been an increased number of Council Tax Support claimants, and new properties have not been completed at the rate originally projected. The reduced forecast growth in the tax base has been factored into the MTFS. This clearly impacts upon the Council's estimated council tax income.
- 3.6.4 An increase in Council Tax of £5 per annum per Band D is proposed to fund the Council's core services, in line with the limits discussed in paragraph 3.6.1.
- 3.6.5 The Council's element of the Council Tax is calculated by taking its total budget requirement and subtracting the Council's element of Retained Business Rates (Section 3.3 and 3.5 above). This figure is divided by the 2021/22 tax base (55,916.75 Band D equivalent dwellings) to derive the District Council Band D Council Tax Charge.

3.6.7 The recommendations within this report produce a Band D Council Tax for Warwick District (excluding Parish/Town council precepts) for 2021/22 of £176.86, this being a £5 increase on that of 2020/21. Based on this increase the District's element of the Council Tax for each of the respective bands will be:

	£
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

3.6.8 The £5 increase in council tax will generate an additional £279,600 in 2021/22 towards the cost of core services.

3.6.9 The MTFs includes increases in Council Tax of £5 per annum in future years. This increase will go towards maintaining core services. It is important that the Council continues to maintain this income base into future years. Costs will continue to face inflationary increases. In addition, there remain threats to the Council's other income streams, most notably its share of Business Rates Retention.

3.6.10 Parish and Town councils throughout the district were asked to submit their precepts for 2021/22 when informed of their Tax Bases. At the time of writing this report, not all precepts have been confirmed. It is estimated that the precepts will total just over £1,500,000 based on prior years. In the Provisional Finance Settlement, the Government has announced it will continue to defer the setting of referendum principles for Town and Parish Councils. As in previous years, the government has indicated it will keep this approach under review for future years.

3.6.11 The Council Tax is set by aggregating the Council Tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the Parish/Town Councils for their purposes with those for this Council. The report to the Council Meeting on the 24 February, 2021 will provide all the required details. This will be e-mailed to all Members as soon as possible following the Police and Crime Commissioner and Warwickshire County Council meetings. At the time of writing this report, it is assumed that all the Town/Parish Precepts will have been returned. The Council will then be in a position to: -

- (a) consider the recommendations from the Executive as to the Council Tax for District purposes; and

- (b) formally to set the amount of the Council Tax for each Parish/Town, and within those areas for each tax band, under Section 30 of the 1992 Local Government Finance Act.

3.6.12 Members must bear in mind their fiduciary duty to the Council Taxpayers of Warwick District Council. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision that no reasonable authority could come to, balancing the nature, quality and level of services that they consider should be provided, against the costs of providing such services.

3.6.13 Should Members wish to propose additions or reductions to the budget, on which no information is given in this report, they must present sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision. This report sets out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 1 from the Chief Financial Officer

3.6.14 Section 106 of the Local Government Finance Act 1992, states that any Member who has not paid their Council Tax or any instalment for at least two months after it becomes due and which remains unpaid at the time of the meeting, must declare that at the meeting and not vote on any matter relating to setting the budget or making of the Council Tax and related calculations.

3.7 New Homes Bonus

3.7.1 This Council's New Homes Bonus (NHB) for 2021/22 is £3.269m. This is a reduction from the £3.7m awarded for 2020/21.

3.7.2 The NHB calculations are still based on the following parameters: -

- Since 2018/19 funding is based on 4 years (this previously being 6 years).
- The baseline of 0.4% has continued for 2021/22. New Homes Bonus is only awarded on growth above this level. For Warwick District Council, for 2021/22 the 0.4% baseline represents 261 dwellings. With the total growth of 824 Band D properties, the 2021/22 allocation is based on 647 properties.

3.7.3 Within in the Provisional Funding Settlement, the Government said that "legacy payments" for 2021/22 will not continue, as was the case for 2020/21. However, prior year legacy payments from 2018/19 and 2019/20 continue to be part of the 2021/22 allocation. If this is unchanged for 2022/23, the Council would expect to receive NHB of £1.278m for that year. However, with the changes expected to Local Government Finance in 2022/23, it is possible that this legacy payment will not continue.

3.7.4 To date this Council has used the money to fund various schemes and initiatives and replenish some of its Reserves, and unlike many local

authorities, has not used NHB to support core services. It continues to be the Council’s policy to exclude NHB in projecting future funding.

3.7.4 As in previous years, Platform Housing Group (Waterloo Housing Group has been acquired by Platform) will receive part of this allocation from their agreement with the Council to deliver affordable Housing in the District. £199,600 is due to be paid to Waterloo in 2021/22. Section 3.13 details how it is proposed to allocate the Residual Balance for 2021/22.

3.8 Medium Term Financial Strategy (MTFS)

3.8.1 When Members approved the Substitute 2020/21 Budget in February 2020, the MTFS showed that that the Council would be in deficit by £1,762,000 by 2024/25, as shown below.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus(-) future years	0	0	522	1,868	1,762
Change on previous year		0	522	1,346	-106

3.8.2 In August 2020, Members received later updated projections in the quarterly Budget Review Report (section 3.5). This report highlighted any major changes to the Strategy. Taking into account these changes, the savings reported to be found within the MTFS were as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus(-) future years	3,190	6,139	5,701	5,355	5,306
Change on previous year	3,190	2,949	-438	-346	-49

3.8.3 In addition to the funding included within the Budget report to August Executive, additional Government funding has been announced in recent months, with most of this being attributable to supporting the costs to COVID-19. This has helped to support the MTFS in the short term. This funding includes:

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Local Government Funding	2020/21	2021/22
	£000s	£000s
Local Council Tax Support	0	170
Lower Tier Services Grant	0	147
Sales Fees and Charges	400	750
Covid funding	0	627
Business Grants - Admin - New Burdens funding	170	0
Business Rates Discounts - New Burdens funding	12	0
Council Tax Harship - New Burdens funding	12	0
Arts Funding re RSC etc	170	80
Leisure Funding	260	0
Total	1,023	1,774

3.8.4 Taking into account some of the further key changes highlighted in section 3.2.5, the budget showed an improved position of £923,000 in 2020/21. As per section 3.2.6, this is to be allocated back to the BRRVR, and drawn down in 2021/22 as part of a COVID-19 Contingency Budget allocation.

3.8.5 In addition to the budget changes highlighted in section 3.3.4 for 2021/22, a recurring £500,000 from 2022/23 has been included for the maintenance of Council municipal assets, in order to reduce the need for funds to be found annually for the Corporate Asset Reserve (which has a sufficient balance to fund works in 2021/22). From 2023/24, a recurring £500,000 has been allocated to support any further potential increased costs from the new waste contract and associated measures.

3.8.6 Taking into account the above changes, the profile of the MTFs is now as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus(-) future years	0	0	178	-30	-216
Change on previous year	0	0	178	-208	-186

3.8.7 The above profile allows for the balance on the Business Rate Retention Volatility Reserve to be maintained at £2m. With many significant factors likely to influence the Council's funding in the short and medium term, it is vital to maintain adequate reserves.

3.9 Reserves and Balances

- 3.9.1 Members agreed that £1.5m should be the minimum level for the core General Fund Balance. This balance supports the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment has been done and is contained at Appendix 4. This shows the requirement for the General Fund balance of over £1.5 million against the risks identified above. In addition, it would be possible to use some of this reserve towards short term impacts of the pandemic on the Council's finances. However, in using this balance, it will be necessary for the balance to be fully re-instated as priority over other Council financial priorities.
- 3.9.2 The balance on the General Fund Balance is currently £519,000 above its nominal balance. The use of this excess balance is considered in paragraph 3.13.2 below.
- 3.9.3 The General Fund has many specific Earmarked Reserves. Details of these are attached at Appendix 5 showing the actual and projected balances from April 2020, along with the purposes for which each reserve is held. Finance and Audit Scrutiny Committee is especially asked to scrutinise this element and pass comment to Executive.
- 3.9.4 Those reserves which show a significant change in the overall balance in the period 1st April 2020 to 31st March 2024 are detailed below and also shown in Appendix 5: -
- i. Business Rates Volatility Reserve – This reserve smooths out the receipt of business rates income and contributions to the reserve. This reserve has been agreed by members to support the shortfall on the General Fund over the period 2020/21 to 2022/23, with much of this shortfall being driven by the global pandemic. The use of this reserve is discussed in section 3.8, with £5.5m being utilised over this period, reducing the balance from £7.5m to £2m. As reported in the 2020/21 Budget report, the balance on this reserve should not be allowed to go below this level, and should ideally be at a level of £2.5m. With the changes to Business Rates Retention expected from 2022/23, it is expected the Council will retain a lesser proportion of business rates, for which the further support from the reserve may be required.
 - ii. Service Transformation Reserve / Early Retirement Reserve – On the basis that the Early Retirement Reserve is normally only used for one off staff costs as a result of service staffing changes, it is proposed that this Reserve is merged with the Service Transformation Reserve. £870,000 is proposed to be allocated to the Service Transformation Reserve from the 2021/22 New Homes Bonus. This is primarily towards the up-front costs of the Joint Working with Stratford District Council as considered in the separate report on this Executive agenda. In addition, some funding allowed to support further projects which may require funding to progress.

- iii. Car Park Displacement Reserve – this reserve is due to be fully depleted with the balance of funding being used towards the Commonwealth Games Projects, as agreed by members in August 2020.
- iv. Commonwealth Games Reserve – this project is due to receive £150k in 2021/22 and 2022/23, as previously agreed. In addition, £83k is proposed to be allocated to the reserve for Street Dressing.
- v. Corporate Assets Reserve – this reserve will be used in 2021/22 to support the pre-planned maintenance programme. From 2022/23, it is proposed to allocate £500k per annum from the General Fund to support the on-going works to the corporate assets.
- vi. Covent Garden Multi-Storey Reserve – this reserve has held a balance of £900k for some years, this being intended to fund the revenue costs of closure whilst a new car park is developed. With no current plans for this site, it is proposed that this funding is re-allocated towards the Future High Street Funds project, as detailed in section 3.11.
- vii. Enterprise Reserve – As no schemes are currently proposed to be funded from this reserve, it is proposed to reduce the balance on this reserve to £100k, with £137k apportioned to the Future High Street Fund. As detailed in section 3.11.
- viii. Public Amenity Reserve – there is currently sufficient funding for work planned for open spaces and play areas in 2021/22. It is proposed to allocate further funding to this reserve from the anticipated New Homes Bonus for 2022/23.
- ix. Warwick District Climate Emergency Reserve – the Budget proposals presented within this report allow for £500k per annum from 2021/22 to be allocated to this reserve. This incorporates the £82,500 in 2021/22 for the Trees for the Future project agreed by Executive on 1st October 2020.
- x. ICT Replacement Reserve – this reserve will receive annual contributions of £250,000, amounting to £1m over the period 2020/21 to 2024/25. The latest forecast for the replacement of the Council's ICT Equipment is attached at Appendix 6 for Members approval. If all the items on the schedule are to be funded, further funding will be required for future years.
- xi. Equipment Renewal Reserve – this reserve has been forecast to receive allocations of £100k per annum. Some drawdowns from this reserve have not been needed as soon as profiled. Consequently, within the proposed budget no allocations into the reserve have been allowed for 2020/21 and 2022/23. However, Members are asked to note the significant potential demands on this Reserve in future years, if all of these items are drawn down to this value, the Reserve will be exhausted. The Equipment Renewals Schedule (Appendix 7) is regularly reviewed to assess whether demands are still required, or whether they can be slipped within the programme.

3.9.5 Members will note various allocations are proposed to be made to some of these reserves from the General Fund from 2021/22. These allocations will only be able to be accommodated within future budgets if the savings proposals previously agreed by Members are achieved, in terms of value and timing. The ability of future Budgets to accommodate further planned appropriations will need to be considered within future Budget reports.

3.10 General Fund and Housing Capital Programmes

3.10.1 In accordance with the Council’s Code of Financial Practice, all new and future capital schemes must be in line with the Council’s corporate priorities, including its capital strategy, and a full business case will be required as part of reports to the Executive for approval. This case will identify the means of funding and, where appropriate, an options appraisal exercise will be carried out. Should there be any additional revenue costs arising from the project, the proposed means of financing such must also be included in the Report and Business Plan.

3.10.2 The Capital Programme has been updated throughout the year as new and amended projects have been approved. In addition to the changes throughout the year, it is proposed to add several new schemes to the Capital Programme as detailed in Appendix 8. The most notable schemes are detailed below: -

Scheme	Year	Amount	Financed From
Coventry And Warwickshire Reinvestment Trust Loan	2020/21	£250k	Service Transformation Reserve
Waste Contract Costs for Depot	2020/21	£528k	Borrowing
HS2 Redesign of Stoneleigh Park Southern Accommodation Bridge	2020/21	£60k	Service Transformation Reserve
Cubbington Riding School Land Purchase (GF portion)	2020/21	£1.33m	Internal Borrowing
Recovery (Covid-19) ICT Provision of laptops, remote desktop services and security	2020/21	£237.3k	Business Rates Volatility Reserve, Revenue Contribution and Service Transformation Reserve
Sherbourne Resource Park (Recycling)	2020/21-2023/24	£7.105 m	Borrowing
Newbold Comyn Masterplan & Cycling Facilities	2020/21 – 2021/22	£905k	External Contributions

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Scheme	Year	Amount	Financed From
Commonwealth Games	2020/21 – 2022/23	£3.463m	Commonwealth Games Reserve, Parking Displacement Reserve, Community Projects Reserve, Service Transformation Reserve & External Contributions
Kenilworth Rugby Club Relocation Loan	2020/21 – 2021/22	£300k	2021/22 New Homes Bonus
Kenilworth School Loan	2022/23	£11.88m	Internal Borrowing and subsequently S106
Desktop Infrastructure, Physical Server Replacement Infrastructure General, Network General	2024/25	£74k	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of current programme	2024/25	£100k	Capital Investment Reserve
Recycling & Refuse Containers – extension of current programme	2024/25	£80k	Capital Investment Reserve

3.10.3 Some slippage to 2021/22 in the General Fund Programme has been incorporated as reported during the year.

3.10.4 In addition the following tables shows slippage and savings to schemes that are required to be reported to Members. The full details are within Appendix 8:

Slippage

Scheme	Year of slippage	Amount	Comments
Play Area Improvement Programme	From 2020/21 to 2021/22	£575k	Delay due to Covid-19 and staff resources.
Financial Management System	From 2020/21 to 2021/22	£234k	Profile of project now agreed.

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Leper Hospital Site Regeneration	From 2020/21 to 2021/22	£894.5k	Delay in property acquisition.
Health & Community Protection IT System	From 2020/21 to 2021/22	£129k	Delay in signing contract.

Savings

Scheme	Year	Amount	Comments
Financial Management System	2020/21	£204.6k	Saving.
Leamington Parking Displacement	2020/21	£159.5k	Saving as no longer required.

3.10.5 Slippage and savings on existing schemes are also detailed within Appendix 8.

3.10.6 The Housing Investment Programme and associated funding are included within Appendices 9 parts 2 and 4. The figures here exclude the proposals presented to members in December 2020 in respect of the proposed Housing Company. As figures are worked up with more certainty, they will be reported back to members to consider if they are at variance to the proposals already agreed.

3.10.7 Appendix 9 Part 5 shows the General Fund unallocated capital resources. These total £1.686m. The Capital Investment Reserve represents the largest share of this at just over £1m, for which the Council has agreed the minimum balance should be £1m. Whilst the Council does hold other reserves to fund capital projects, it will be noted that these are limited and have been reserved for specific purposes. In addition to the resources shown here, "Any Purposes Capital Receipts" projected at £8.3m as at 31 March 2021.

3.11 Appropriation of funding and balances

3.11.1 The Council does have some balances and funding which it is able to use to fund specific projects and service demands. The sums available are all "one-off", meaning that they can be used to fund one-off items, but not any initiatives that will result in a recurring cost to the Council that has not been accommodated within the revenue budget. The proposed usage of these funds and balances are detailed below.

3.11.2 General Fund Balance.

The Council's policy is for the nominal balance to the General Fund Balance to be £1.5m as discussed in paragraph 3.9.1. As at 31 March 2020, the unallocated balance was £2.019m, giving an excess of £519k to be allocated. This is proposed to form a contingency budget of £500k within the 2020/21

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Budget (and if not required in the year to be slipped to 2021/22) and £19k for the monitoring resource to support the Kenilworth School development.

3.11.3 Business Rates Pool Safety Net.

As discussed in paragraph 3.5.4, £566k Safety Net is due to be returned to the Council in 2020/21. This is proposed to be used towards the Future High Streets Fund Project, which will be subject to a further report to Executive.

3.11.4 New Homes Bonus

As discussed in Section 3.7, the Council is due to receive £3.269m in 2021/22. This may be used for any purpose, although the Council has previously agreed some allocations in principle, which are included, along with new proposed allocations. In addition, the Council expects to receive £1.278m in "legacy payments" in 2022/23. This is also provisionally allocated below, however, it should be noted, that should this funding not be available the Council will need to find other sources of funding or not make the allocations proposed.

New Homes Bonus	2021/22 £	2022/23 £
Commonwealth Games Reserve – agreed 5 annual allocations per Executive March 2018	150,000	150,000
Climate Change year 2 of 3, agreed within February 2020 Budget report (substitute Calculations). Cost of post shared with Stratford DC.	53,000	52,000
Platform (previously Waterloo) Housing Group - Joint Venture Commitment	199,600	45,000
Leisure Options Reserve - Kenilworth Leisure - interim development costs, agreed within February 2020 Budget report (substitute Calculations).	370,000	
Masters House/ Leper Hospital – agreed Executive Oct 2019, further allocation on top of £250k, agreed within February 2020 Budget report (substitute Calculations)	250,000	
Kenilworth Rugby FC - allocation agreed March 2020 Exec	300,000	
Voluntary/Community Sector Commissioning – funded from NHB not core budget, as per December 2020 Executive	282,000	282,000
Rural and Capital Initiatives Grants – funded from NHB not core budget as per December 2020 Executive. Allocation reduced from £150k in view of many towns/parishes now in receipt of CIL.	100,000	100,000
Service Transformation Reserve - Half joint Council transformation cost per other Executive report on this agenda, and funding towards other projects, e.g. Riverside House, Covent Garden car park, Lease disposal, South Warwickshire Culture Review.	870,535	
Public Amenity Reserve – to fund work on Council play areas and open spaces		270,000

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New Homes Bonus	2021/22 £	2022/23 £
Contingency Budget – within 2021/22 revenue budget	200,000	
Kenilworth School – Project Monitor	83,000	
Community Centre Acre Close – feasibility work by Whitnash TC.	25,000	
Joint Local Plan	100,000	200,000
Future High Street Fund	203,000	119,000
Lord Leyster Hospital – underwriting of HLF award match funding		60,000
Commonwealth Games – Street Dressing	83,000	
Total Allocated	3,269,135	1,278,000

3.11.5 Right to Buy (Any Purpose) Capital Receipts.

As at 31 March 2020, the Council held £7.257m in unallocated Right to Buy Capital Receipts. This balance is projected to increase by £1m in 2020/21 to give an anticipated balance as at 31 March 2021 of £8.3m. Most of the balance is proposed to be used towards the Kenilworth Leisure Centre discussed within a separate report on this Executive agenda.

3.11.6 Other Capital Receipts

As agreed by Executive in October 2020, the sale of land of Queensway will generate a capital receipt of £160k. This is proposed to be used towards the Future High Streets Fund Project.

3.11.7 Enterprise Reserve

The balance on this reserve has been continuing to increase in recent years, without any notable plans for its usage in the medium term. Consequently, it is proposed to release £138,000 from this reserve, leaving £100,000 for specific commitments. This funding released is proposed to be used towards the Future High Streets Fund Project.

3.11.8 Covent Garden Multi Storey Car Park Reserve

This reserve was created to fund the revenue costs and lost income when the car park is closed for redevelopment. With no specific plans now coming forward, the £900,000 in this reserve is proposed to be released to be used towards the Future High Streets Fund Project. When a new project for Covent Garden does come forward, funding will then need to be found for the revenue costs and lost income.

3.11.9 Appendix 10 summarises all the allocations proposed above.

3.12 Business Rates –Reliefs and Business Grants

3.12.1 In the current financial year, significant additional business rate relief has been awarded by the Government in view of the pandemic to many additional businesses, notably in the retail and hospitality sectors. As yet, no announcements have been made in respect of additional reliefs for 2021/22,

although these are widely expected. It is possible such announcements will be part of the Chancellor's Budget scheduled on 3 March.

3.12.2 Based on the current Committee meeting dates, this will not enable any changes to be formally agreed and incorporated into the 2021/22 Business Rate Bills to be issued in March 2021.

3.12.3 It is recommended that the Section 151 Officer, in consultation with the Finance & Business Portfolio Holder, is duly authorised to approve any Business Rate relief changes agreed by the Government to be incorporated into the 2021/22 Business Rate billing and beyond.

3.12.4 During 2020/21 there have been a variety of Business Grant and other financial support schemes. Whilst most of these have been prescribed by Government, there have been some for which authorities have had to agree their discretionary scheme. In these cases, the Chief Executive has had to use his Emergency Powers to get these schemes agreed and so hasten the award of funding to businesses.

3.12.5 It is possible there will be more discretionary business grant and other financial support schemes in 2021/22 and beyond. To assist with such schemes being agreed and funding being awarded as soon as possible, it is recommended the Section 151 Officer and Head of Development Services, in consultation with the Finance and Business Portfolio Holder, are duly authorised to design and approve any business grant and other financial support schemes proposed by the Government to be implemented.

3.13 Pre-Planned Maintenance Budget (PPM)

3.13.1 The proposed PPM budget will enable the Council to proactively maintain all existing corporate assets (i.e. all assets owned by the Council other than its Housing Revenue Account homes, shops, garages and land) in a sound condition unless or until any future decisions are made in respect of individual assets through a Corporate Asset Management Strategy.

3.13.2 The proposed budget allocation for 2021/22 is based on a review of the current PPM data by officers within the Assets Team, in consultation with building managers from other services which hold or operate specific assets. The Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2021/22 is set out at Appendix 12 to this report.

3.13.3 For 2021/22, the total PPM budget is £1,541,000. This will be funded using £413,000 from the Annual PPM budget and a £1,128,000 drawdown from the Corporate Assets Reserve of which the balance is currently projected to be £1.361m as at 31 March 2021. Further detail of the PPM Plan and the associated funding is provided within Appendix 12.

3.14 Local Council Tax Support Scheme

3.14.1 The Council agreed a new "Banded" Local Council Tax Support Scheme (LCTS) to align with Universal Credit, two years ago, on the basis of the Universal Credit being fully rolled out in 2019/20. Subsequently, the UC full

rollout has been delayed, meaning the Council's banded LCTS will not be applicable for many recipients. It is proposed that members agree that the Local Council Tax Reduction scheme will continue in its current format for a further year with no planned changes to the administration. However, the Head of Finance should continue to exercise delegated powers to agree to any amendments to the scheme which might be required in line with Government announcements in respect of other income related benefits which if the scheme is not amended would otherwise make a claimant worse off.

4. Policy Framework

4.1 Fit for the Future (FFF)

4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report seeks to continue to ensure that the Council has adequate financial resources to support its various strategies and the provision of services.

4.1.2 The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The Council's Budget seeks to allocate the Council's financial resources to ensure the Council's services continue to be provided in accordance with Council policies and priorities, and resources for projects are similarly prioritised.

4.2 Supporting Strategies

4.2.1 The Council has a Financial Strategy, as updated within Appendix 11. This is separate to the MTFS which shows the projections for the General Fund for the next 5 years. The Financial Strategy sets out details of the Council's overall financial position, and some of the key policies for the use of the Council's resources and how these are managed. Members are recommended to approve the updated Financial Strategy.

4.2.2 The following strategies and Codes also directly support the Council's proposed Budget for 2021/22:-

- Financial Strategy
- Capital Strategy
- Treasury Management Strategy
- Investment Strategy
- Code of Financial Practice
- Code of Procurement Practice.

4.3 Changes to Existing Policies

This report does not propose any changes to existing policies.

5 Budgetary Framework

- 5.1 The Council's budget and Council tax setting is a major component in reflecting and expressing the Council's priorities and policies. The budgets proposed for both capital and revenue are in accordance with Fit for the Future. The financial strategy and capital strategy are revised in the light of the proposed revenue and capital budgets, and the issues that these budgets address.
- 5.2 Officers monitor the current year's expenditure by way of the Budget Review process which is reported to the Council's Senior Management Team regularly. The same process is applied when reporting quarterly to Members. Members are also kept informed on progress with Earmarked Reserves and the Contingency Budget, alongside the latest predictions in the MTFS.
- 5.3 Despite facing substantial reductions in funding in recent years, the Council has managed to maintain and improve main services, while also supporting new projects and initiatives, in particular proposals surrounding Climate Emergency, and the Council's involvement in the Commonwealth Games. However, Members will be aware of the substantial sums needed to be spent on the Council's municipal assets in future years, with the multi storey car parks and the Pump Rooms being of specific note. In addition, moving forward, there remains uncertainty as to the Council's future funding levels. This is notably with regard to Business Rates (as discussed in paragraph 3.5) and New Homes Bonus (para 3.7). Consequently, the additional funds required by the Council in forthcoming years could foreseeably be in excess of the shortfall forecast in the MTFS (section 3.8).
- 5.4 The Budget Proposals agreed by Members in December 2020 are intended to make substantial savings and generate additional income to eliminate the forecast financial deficit and so protect services. If the Budget Proposals agreed in December are not progressed, alternative savings would need to be found, or service reductions agreed. It is important that officers and Members are committed to ensuring that these savings are achieved in terms of value and timing, if the Council is to be able to continue setting a balanced Budget in future years without significant service reductions.

6 Risks

6.1 Business Rates Retention

As detailed in section 3.5, there are still substantial risks around Business Rates Retention, especially from 2022/23 with the following changes expected:-

- The impact of the Fair Funding Review
- The introduction of the 75% Business Rate Retention scheme

- The re-set of the Baselines.

Whilst the Council's business rates retention forecasts are believed to be prudent for the future, there is the possibility future receipts being those anticipated.

- 6.2 The Strategy now assumes that £5 per annum increases in Council Tax for future years on the basis that the current referendum limits will not be changed. This will be subject to future Government determination. There is therefore a degree of risk as to whether this level of Council Tax increase will be able to be continued.
- 6.3 Many of the Risks in the Significant Business Risk Register are Finance related and the Finance Service Area has its own Risk Register. Both are reviewed regularly.
- 6.4 Following an upturn in the economy in recent years, the country is now facing a recession, largely as a result of the pandemic, and there is still economic uncertainty following the ending of the Brexit transition period. Some of the specific risks faced include:-
- Interest rates are forecast to remain low. This will benefit the Council if it is taking on additional debt to fund capital projects. On the downside, investment returns continue to be low, so reducing the Council's revenue income.
 - Inflation continues to be very low. This is good for the Council in trying to contain the cost of its supplies and services. However, continued low, or even negative inflation would risk extending the recession, with this being detrimental to the Country and the Council.
 - Unemployment has increased as a result of the pandemic. Whilst many are in receipt of furlough, this may not continue. Increased unemployment does put increased pressure onto Council's services, notably in relation to housing and council tax support.
 - Council income. Council Tax income continues to be limited by the maximum increase allowed by the government. In addition, the recession is suppressing the Council Tax base, with more claimants of Council Tax support and delays to new property completions. The Council's share of Business Rates is limited by Government. This would be further hit if local businesses cease trading as a result of the recession.
- 6.5 The MTFS has a significant amount of savings built in from the Fit for the Future Change Programme. Failure to deliver these projects, all or in part, will increase the deficit and savings yet to be identified. Delays may drive up the costs of the enabling works and mean savings do not materialise as early as expected. There may also be revenue implications should the projects not have been fully assessed.
- 6.6 Unforeseen events, such as planning appeals, uninsured damage, legal challenges, can expose the Council to incur expenditure not previously budgeted for. Whilst the Council endeavours to cover these from its Contingency Budgets and Reserves, they may not prove adequate.

- 6.7 Changes in legislation may influence assumptions built into Budgets and the 5-year Strategy as well as increasing the costs of implementing these changes.
- 6.9 As previously reported to Members, and included within Section 3.9, Reserves and Balances, the financial projections do not allow for adequate funding to enable the Council to maintain its assets in the meantime. The Corporate Assets Reserve, ICT Reserve and the Equipment Renewals Reserve are all forecast to have more demands over them in forthcoming years than they can accommodate. Consequently, in addition to the savings referred to in Section 3.8 (MTFS), the Council needs to secure funding to enable these reserves to be replenished, and so maintain current service provision.
- 6.10 Many controls and mitigations are in place to help manage these risks. These include:-
- The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current and future years, along with any possible issues that may impact upon their budgets. As part of this process, regular Budget Review reports are issued to the Executive and Senior Management Team.
 - Financial Planning with the MTFS/financial projections, bringing together all issues that will impact on the Council's finances in the medium term.
 - Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).
 - Project Management and associated controls.
 - Trained staff and access to appropriate professional advice (e.g. WCC Legal).
 - Risk Management process across the Council, including the on-going review and maintenance of risk registers.
 - Scrutiny by Members of the Council's finances, including Budget Reports, and the financial implications of all proposals.
 - Within the proposed 2021/22 Budget there is a Contingency Budget of £200,000 for any unplanned unavoidable expenditure.
 - Reserves – The Council holds reserves as discussed within section 3.9. Whilst much of these reserves have already been earmarked for specific projects, it is important that reserves are held for any unforeseen demands.
 - The General Fund Balance is £1.5m as discussed in paragraph 3.9.1. This is available to accommodate any unplanned expenditure, or to

make up any shortfall in income. However, the Council should seek to maintain the balance at this level.

- The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register.

6.11 The Council is currently implementing a new corporate Financial Management System to replace all the core financial systems. This is due to go live in the Summer of 2021. The new system should help the management of the Council's finances into the future. The current implementation work is diverting the work of several officers within the Finance Service. Consequently, staff resources are extremely limited in the short/medium term, meaning some aspects of work are not able to be carried out as thoroughly as normal. The risks of the project are being considered regularly by the Project Manager and the Project Board.

7 Alternative Option(s) considered

7.1 The Council does not have an alternative to setting a Budget for the forthcoming year. Members could however decide to amend the way in which the budget is broken down or not to revise the current year's Budget. However, the proposed latest 2020/21 and 2021/22 budgets seek to reflect the decisions made by Members and make appropriate recommendations. Any changes to the proposed budgets will need to be fully considered to ensure all implications (financial or otherwise) are addressed. If any Member is considering suggesting changes to the proposed Budget, these proposals should be discussed (in confidence) with the Head of Finance beforehand to ensure all implications are considered, including funding. If appropriate alternate Budget papers can be prepared for consideration by Council.