

BUDGET TARGETS REPORT 2021/22

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report informs the Committee of the Council's revenue budget targets presented to the Strategy & Resources Committee. The report seeks guidance on the preparation of the Committee's service estimates for 2021/22.

Recommendation (s)

The Committee is asked to:

- (1) Note the implications of the budget targets presented to Strategy & Resources Committee on 22 September 2020.**
- (2) Support the savings identified in section 3 of this report and that proposals for achieving these will be presented to this Committee in January 2021.**
- (3) Consider how additional savings can be generated to address the Council wide funding gap of £1,290,000 in 2021/22.**

1 Reason for Recommendation

- 1.1 The recommendations will provide a clear framework for officers to develop a balanced budget for 2021/22. Strategy and Resources Committee has agreed one of its key service priorities for 2021/22 is to achieve financial stability for the Council.

2 Background

- 2.1 At its meeting on 22 September 2020 the Strategy and Resources Committee will consider the following General Fund budget targets:

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- 2.1.1 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2021/22 totalling £336,000;
- 2.1.2 That estimates include options to reduce organisational costs by £1,290,000 subject to government grant announcement, in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy;
- 2.1.3 That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;
- 2.1.4 That a provision for pay award is made of £408,000 that would allow for a 2% cost of living increase;
- 2.1.5 That a £950,000 contingency is provided for within the 2021/22 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2021/22;
- 2.1.6 That officers are tasked in delivering a list of costed options that can be implemented to address any budget shortfall for 2021/22.

3 Proposals

- 3.1 As part of the MTFs, this Committee has previously (in January 2020) supported that the following saving will be delivered:

Service Area	2021/22 £'000	2022/23 £'000	2023/24 £'000
Optimise Waste Collection	0	100	0
TOTAL SAVINGS	0	100	0

- 3.2 To contribute to addressing the Council's £1.29m funding gap for 2021/22 it is now proposed to bring forward this agreed £100k saving target within Waste Collection from 2022/23 to the earliest opportunity. The Committee is asked to support this move in principle and proposals will then be brought forward to a future meeting for how it will be achieved.
- 3.1 Options that may be considered include switching refuse and mixed recycling (incl glass) collections from weekly to fortnightly, which would reduce the service's environmental impact and generate an indicative saving of £100,000 pa.
- 3.2 This Committee is also asked to consider how additional savings can be generated to help address the Council wide funding gap.

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4 Risk Assessment

Legal or other duties

4.1 Impact Assessment

4.1.1 The Council is facing unprecedented times with increased risk due to uncertainty caused by a number of factors – such as the pandemic and resultant recession, the impact of Brexit and risks of further funding cuts from Central Government and from Surrey County Council – that are likely to impact next year.

4.1.2 The budget strategy involves continuing to deliver a sustainable budget. The strategy identifies a balance between the generation of savings and the use of reserves to manage the Council's transition to a long-term sustainable budget.

4.1.3 The budget needs to provide the Council with options to enable it to manage a further deterioration in its financial position, potentially worse than is currently being predicted.

4.1.4 The budget position for 2021/22 will be reassessed later this year when detailed service estimates have been prepared.

4.1.5 The Council has a statutory duty to set a balanced budget each year, agreed by Full Council.

4.2 Crime & Disorder

4.2.1 None

4.3 Safeguarding

4.3.1 None

4.4 Dependencies

4.4.1 Finance officers will work with Heads of Service and budget managers to identify options to address the budget deficit.

4.5 Other

4.5.1 None

5 Financial Implications

5.1 The financial outlook for 2021/22 has been detailed in the Budget Targets report to Strategy and Resources Committee on 22 September 2020.

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- 5.2 The 2021/22 budget figures will change throughout the budget setting process as managers and accountants review budgets and trends.
- 5.3 **Section 151 Officer's comments:** It is important that the budget target recommendations be agreed in order to maintain the future financial health of the Council.

6 Legal Implications

- 6.1 The Council has a statutory duty to set a balanced budget, with the level of council tax agreed at Full Council.
- 6.2 The Council will continue to fulfil its statutory obligations on all services provided.
- 6.3 **Monitoring Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** When considering budget savings, officers will look at ways of contributing to Climate Change Action Plan targets.
- 7.4 **Sustainability Policy & Community Safety Implications:** None
- 7.5 **Partnerships:** None

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Budget Targets Report to Financial Policy Panel 8 September 2020
- Budget Targets Report to S&R Committee 22 September 2020

Other papers:

- Budget Book 2020/21
- Medium Term Financial Strategy 2020-2024