

## **BUDGET TARGETS REPORT 2021/22**

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	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 changes to services and savings identified in section 3 of this report and that these are included within the budget 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 The budget targets outlined above, totalling £336,000, include operational and efficiency savings across the organisation.
- 3.2 Of the £336,000 targeted savings across the Council, at its meeting on 21 January 2020 this Committee agreed in principle the following service areas to achieve the following savings:

<b>Service Area</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Locking of parks	50	-	-
Review of Bourne Hall	30	30	-
Reduce subsidy of operating Community & Wellbeing Centre	-	-	50
<b>TOTAL SAVINGS</b>	<b>80</b>	<b>30</b>	<b>50</b>

### 4 Risk Assessment

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### 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.

5.2 The 2021/22 budget figures will change throughout the budget setting process as managers and accountants review budgets and trends.

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- 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:** None
- 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