

## For publication

### 2021/22 Budget and Medium-Term Financial Plan

<b>Meeting:</b>	Council
<b>Date:</b>	24 <sup>th</sup> February 2021
<b>Cabinet portfolio:</b>	Leader of the Council
<b>Directorate:</b>	Finance

#### **1.0 Purpose of report**

- 1.1 To consider the General Fund budget report for the financial year 2021/22 and to make recommendations to full Council on the budget allocations and council tax level.

#### **2.0 Recommendations**

That Council:

- 2.1 Approves the revised budget for 2020/21 (Section 4.3).
- 2.2 Approves the overall revenue budget summary for 2021/22 (Section 4.5 and Appendix A).
- 2.3 Notes the Collection Fund and the Tax Base forecasts (Section 4.6).
- 2.4 Approves the use of the capital receipts flexibility to fund the revenue costs of the ICT Improvement Programme which will lead to budget savings (Section 4.7).
- 2.5 Notes the budget forecasts for 2022/23 and the medium term and the need to address the projected deficits (Section 4.8).
- 2.6 Notes the intention to develop a detailed programme and funding strategy for Organisational Development (Section 4.9).

- 2.7 Approves the estimates of reserves including maintaining the General Working Balance at £1.5m (Section 4.10 and Appendix D).
- 2.8 Notes the budget risks and sensitivity analysis (Appendix E).
- 2.9 Increases the Council's share of Council Tax for properties in each band on the basis of a £5 increase for a Band 'D' property, in 2021/22.
- 2.10 Approves the 2021/22 Council Tax Requirement and financing (Appendix F).
- 2.11 Notes the Chief Financial Officer's assurances (Section 4.14).

### **3.0 Reasons for recommendations**

- 3.1 In order for the Council to meet the statutory requirements relating to setting the budget and the council tax.

### **4.0 Report Details**

#### 4.1 Background

- 4.1.1 This report covers the General Fund revenue budget and is one part of a suite of budget reports which together make up the Medium-Term Financial Plan. The other budget related reports include the Housing Revenue Account (HRA) Budget, HRA Rent Setting, HRA Capital Programme, General Fund Capital Programme and Treasury Management reports.
- 4.1.2 The Council's Budget Strategy (Appendix B) is to set a sustainable and affordable budget over the medium term. This report looks ahead over the coming five financial years and describes the resources available, the spending pressures/priorities and how a balanced budget can be achieved.
- 4.1.3 The major funding sources for the General Fund revenue budget are Government grant, the council's share of business rates growth, fees & charges (car parking, leisure income etc.), rental income from the Council's industrial & commercial property portfolio and Council Tax. The Government is, therefore, able to regulate a large proportion of the resources available to the Council through the grants it provides and by placing restrictions on Council Tax increases.

4.1.4 The Local Government Finance Settlement on 10<sup>th</sup> February 2021 confirmed:

- Revenue Support Grant (RSG) settlement funding for 2021/22 (this amounted to £444k for the Council)
- New Homes Bonus (NHB) funding allocations for 2021/22
- Council Tax referendum principles for shire districts, which allow for an increase in the council tax level for a Band 'D' property in 2021/22 of up to 1.99% or £5 whichever is the greater

4.1.5 The Council Tax must be set at the Council meeting on 24<sup>th</sup> February, and this report is due to be considered by Cabinet at its meeting on 23 February, 2021 in order to finalise its proposals for achieving a balanced budget.

## 4.2 Policy & Financial Planning Framework

4.2.1 A copy of the Council's Financial Strategy is attached at Appendix C. The overall aim is to establish a framework for aligning the revenue and capital spending proposals with the Council's strategic priorities as set out in the Council Plan. This report covers the application of the strategy for the next five years. The Medium-Term Financial Plan (MTFP) is supported by other financial strategies including the Capital Strategy, the Treasury Management Strategy, and the Asset Management Plan.

4.2.2 The MTFP is just one of several plans and strategies that link into the overall Council Plan; others include the Workforce Plan, the HRA Business Plan, the Local Development Framework, etc. These are designed to help ensure that the Council provides economic, efficient and effective services, delivers value for money and achieves continuous improvement.

4.2.3 The Council Plan should guide the Council's resource allocation and performance management arrangements. The Council Plan has been developed in tandem with the preparation of the MTFP.

## 4.3 Revised Budget 2020/21

4.3.1 The Council approved the original budget for 2020/21 on 26<sup>th</sup> February 2020. It was also agreed that the Council Tax be increased by £5 to £169.89 for a Band 'D' property. After allowing for planned savings a surplus of £16k was forecast.

- 4.3.2 Budget monitoring reports have been presented to the Cabinet and full Council on a quarterly basis through 2020/21. The table below provides a summary of the net forecasts at each reporting stage:

**Table - 2020/21 Surplus / (Deficit) Forecasts Through the Year**

<b>Date</b>	<b>Net surplus / (deficit) £000</b>	<b>Change on previous £000</b>
Feb 20 – approved budget	16	-
July 20 – end of quarter 1	(3,246)	(3,230)
Nov 20 – end of quarter 2	(192)	3,054
Dec 20 – draft revised budget	(165)	27
Feb 21 – this final budget report	(8)	157

- 4.3.3 The impact of the coronavirus pandemic and the council’s response to it has had a significant adverse effect on the council’s financial position during the year, as has been evidenced to Cabinet through the quarterly reporting process.
- 4.3.4 The revised portfolio budgets for 2020/21 were reported to the Cabinet on 15<sup>th</sup> December 2020 as part of the first draft General Fund budget report. Since then further work has been undertaken through budget challenge and budget monitoring to identify other possible variances for inclusion in the final budget report. The latest revised budget forecast for 2020/21 shows an estimated deficit of £8k (see also Appendix A).
- 4.3.5 Strict budgetary control will continue to the end of the financial year with any surplus transferred to or any deficit met from the Budget Risk Reserve when the actual budget outturn position for 2020/21 is known.

#### 4.4 Business Rates

- 4.4.1 The estimate of business rates income for 2021/22 was approved by the Employment & General Committee on 28<sup>th</sup> January 2021. The estimated level of business rates income is £38.4m and the Council’s 40% share £15.358m. This is then reduced by a tariff payment to the Government giving a final budget figure of £4.744m for 2021/22.
- 4.4.2 Since 2013/14, local authorities have been able to retain a proportion of the annual growth in business rates over and above the baseline set in 2013/14. The Government is expected to reset the business rates baseline in 2022/23 which will mean that any growth gained since

2013/14 will be built into a new baseline, potentially wiping it out. If this proves to be the case, this will have a negative impact on the level of annual business rates growth the Council can expect to achieve from 2022/23 onwards.

- 4.4.3 To help mitigate against these losses we have assumed no further growth in business rates income after the financial year 2021/22.
- 4.4.4 Each financial year we are required to calculate the surplus/deficit on the business rates element of the Collection Fund. Due to in-year changes in the business rates relief scheme and the timing of Government announcements, a deficit of £17.9m is forecast at the end of March 2021. The Council's share is £7.2m and must be included in the medium-term financial plan.
- 4.4.5 The Government, however, has provided compensation to local authorities to mitigate the impact of this in the form of a Section 31 grant and this grant will be used to meet the £7.2m liability in 2021/22 with no resulting impact on the Council's financial position.

#### 4.5 2021/22 Net Expenditure Estimate

- 4.5.1 The budget forecast for 2021/22 is shown in Appendix A and shows a deficit of £188k.
- 4.5.2 A savings action plan was approved by Council in February 2020. The listed actions are designed to eliminate the forecast deficits over the life of the medium-term financial plan. The action plan has been subject to regular review and updating, and the forecast savings relating to each action have also been built into the net expenditure estimates for future financial years.
- 4.5.3 The latest savings action plan is summarised in the table below:

<b>Balanced Budget Savings Plan</b>					
Project	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Voluntary Redundancies	50	200	300	400	500
VAT	0	100	103	106	109
Strategic review of HRA/GF contributions	100	100	100	100	100
Procurement	0	116	118	120	122

Capital Investment to Generate Income	0	152	121	102	102
<b>Total Savings</b>	<b>150</b>	<b>668</b>	<b>742</b>	<b>828</b>	<b>933</b>

- 4.5.4 The £188k deficit position therefore includes assumed savings from the ICT Digital Improvement programme of £374k and from the savings action plan of £150k.
- 4.5.5 Our budget work assumes that the Covid19 pandemic will continue to have an adverse impact on income streams for the first quarter of the coming financial year. The Government has now announced a fifth tranche of financial support for local authorities for 2021/22. This amounts to £644k and has been transferred to reserves to meet any unforeseen costs arising from further Covid19 related challenges and income shortfalls beyond those recoverable through the Government's Covid19 income compensation scheme.
- 4.5.6 As approved in the Quarter 2 Budget Monitoring report (Cabinet, 10<sup>th</sup> November 2020), the Operational Services Division has moved to a cost recovery model for the foreseeable future to recognise the extra costs associated with implementing Covid19 secure safe systems of work. Under this arrangement, the HRA meets in full the costs of providing the service rather than payments being made in accordance with the current schedule of rates.
- 4.5.7 The budget forecast for 2021/22 assumes a £5 Council Tax increase.
- 4.5.8 It is not uncommon for the Council to agree its General Fund revenue budget for the coming financial year on the basis of needing to identify further savings and / or raise further income to eliminate what is considered to be a relatively small deficit forecast at £188k. The Council has an excellent track record of balancing its revenue budget year in year out and entering the new financial year with the need to find in-year savings at this level presents no immediate concerns.
- 4.5.9 The alternative is to recommend to the Council that it meets the forecast deficit of £188k through an immediate allocation of cash from the Council's Budget Risk Reserve while also setting as a priority objective the need to find in-year savings to this level to enable the Budget Risk Reserve to be fully replenished by year end.

## 4.6 Council Tax & Collection Fund

- 4.6.1 Income raised locally through the Council Tax represents one of the major sources of financing the General Fund revenue budget.
- 4.6.2 Collection Fund Balance – before calculating the Council Tax for the coming financial year the estimated balance on the current financial year’s Council Tax elements of the Collection Fund must be established. The balance on the Collection Fund for 2020/21 was reported to Cabinet on 12<sup>th</sup> January 2021. The estimated balance is a deficit of £704,062 at the end of March 2021 due to the impact of Covid19.
- 4.6.3 This deficit is shared amongst the major precepting authorities; the Borough’s share is £71,110 (10.10%) and would normally be recovered in 2021/22. However, due to the Covid19 pandemic, billing authorities are required to spread their respective share of the deficit relating to the current financial year, over the next three financial years. The Council’s share is £26,344 in 2021/22 and £22,383 in each of 2022/23 and 2023/24.
- 4.6.4 Tax Base – the Tax Base provides an estimate of how much each £1 of Council Tax would raise. The Tax Base is expressed as the equivalent number of Band ‘D’ dwellings in the borough. The Employment and General Committee approved the Tax Base on 28<sup>th</sup> January 2021 as:

### **Tax Base – Band ‘D’ Properties**

Area	2020/21	2021/22	Increase / (Decrease)	
			No.	%
Brimington Parish	2,322.81	2,408.75	85.94	3.7
Staveley Town	4,215.27	4,243.38	28.11	0.7
Chesterfield Area	22,643.00	22,616.83	(26.17)	(0.1)
<b>Total</b>	<b>29,181.08</b>	<b>29,268.96</b>	<b>87.88</b>	<b>0.3</b>

- 4.6.5 Referendum Limit – the capping regime was replaced some years ago with a requirement to hold a referendum if the proposed Council Tax increase exceeded a limit set by the Secretary of State. The limit for 2021/22 has been set at 1.99% but with an additional concession for district councils, which allows them to increase their Council Tax by a maximum of £5 or 1.99%, whichever is the higher. The £5 increase is equivalent to an increase of 2.9%.

4.6.6 Council Tax Increase – the budget has been prepared assuming a Council Tax increase of £5 for a Band ‘D’ property.

For local taxpayers the impact of a £5 per annum increase on the Band ‘D’ tax, compared to the current Council Tax level, is 2.9% in percentage terms, but low in monetary terms:

- For a Band ‘A’ property (more than half the properties in the Borough), the increase is equivalent to an extra £3.33 per annum or 6.4 pence per week, while for a
- Band ‘D’ property, the increase is equivalent to an extra £5.00 per annum or 9.6 pence per week.

The Council’s share of the overall Council Tax bill is approximately 10% so such an increase will only have a marginal effect on the total increase shown on Taxpayers Council Tax bills.

4.7 Flexible Use of Capital Receipts Strategy

4.7.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation on condition that these activities would generate ongoing savings to an authority’s net service expenditure. Guidance on the use of this flexibility was issued in March 2016 which applied to the financial years 2016/17 to 2018/19. In December 2017 the Government confirmed that this flexibility would be extended for a further three years to 31<sup>st</sup> March 2022.

4.7.2 The Government has also provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*

4.7.3 The Council intends to use the capital receipts flexibility to part fund the ICT Improvement Programme, which was approved by Council in April 2018. The original Programme included capital expenditure that will now be delivered using cloud-based technology and as such has been



reclassified as revenue expenditure. There has been no change to the overall cost of the Programme.

- 4.7.4 The estimated use of capital receipts and annual savings generated by the ICT Improvement Programme is set out in the table below:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Estimated Expenditure	480	0	0	0
Estimated Savings	(232)	(592)	(825)	(1,023)

It is forecast that the ICT Improvement Programme will achieve total net revenue savings of around £4.5m by 2026/27.

- 4.7.5 Government Guidance requires the Council to consider the impact on the Council's prudential indicators when preparing its Flexible Use of Capital Receipts Strategy. There will be no impact on the Council's prudential indicators as a result of the implementation of the Council's strategy, as the expenditure to be funded from capital receipts has previously been included within the Council's Capital Programme, and there has been no change in the overall use of capital receipts.

#### 4.8 Medium Term Forecast - 2022/23 through to 2025/26

- 4.8.1 It is good financial practice for authorities to consider their budgets over the medium term and not just for the year ahead. The forecasts are based on current levels of service provision with no allowance for future growth. They assume that the current business rates retention model continues. However, we are mindful that the Government is considering changes to the current model.

- 4.8.2 The table below provides a summary of the forecast deficits and savings targets over the medium term:

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus / (Deficit) forecast after planned savings	(188)	(12)	(292)	(77)	(181)
ICT Digital Innovation Savings	(374)	(605)	(795)	(982)	(1,001)

Savings – Action Plan	(150)	(668)	(742)	(828)	(933)
<b>Total Savings target</b>	<b>(712)</b>	<b>(1,285)</b>	<b>(1,829)</b>	<b>(1,887)</b>	<b>(2,115)</b>
Change on previous year – deficit (increase) / decrease		(573)	(544)	(58)	(228)

- 4.8.3 The forecast deficits when considered alongside the levels of savings that will need to be delivered through the ICT Improvement Programme and Savings Action Plan present challenges but ones that are felt to be manageable. It is therefore critical that these savings are delivered to time, and that new ideas for generating savings and raising fresh income are developed in order to be able to produce balanced and sustainable budgets over the medium term.
- 4.8.4 The budget estimates are based on the best available information but inevitably there is a degree of risk and uncertainty in some of the assumptions made. Details of the most significant risks and issues are provided in Appendix E.
- 4.8.5 For ease of reference, the most significant budget risks at the present time include:
- The costs of re-provisioning the kerbside waste recycling service
  - Financing the 10-year property maintenance programme
  - Non achievement of the forecast ICT Improvement Programme savings
  - Non delivery of the Savings Action Plan savings
  - Achieving the annual income targets set for rents, fees and charges
  - The ability to fund borrowing to fund the Capital Programme
  - Fully funding the climate change strategy and action plan
  - The Government’s Fair Funding Review
  - The planned Business Rates baseline reset in 2022/23
  - Business Rate appeals/valuation changes
- 4.8.6 As is always the case, every effort is made to avoid having to use reserves to meet the budget deficit forecasts as reserves are best defrayed on proposals that will produce ongoing revenue budget savings or income growth.

#### 4.9 Organisational Development Framework & Future Savings

- 4.9.1 Chesterfield Borough Council is an ambitious council. As such, there is a need to continue to strive to make improvements in the way that the council is managed, services are operated and value for money achieved, within the overall budget envelope that is available.
- 4.9.2 An Organisational Development (OD) approach and framework has been adopted with the aim of achieving *'A joined-up approach to aligning resources, working practices and performance with our strategic ambitions; shaping capability and culture to enable resilient delivery of our priorities'*. This joined-up approach will provide a framework in which to operate and collaborate, as One Council, to continue to improve performance and drive value for money for Chesterfield's communities. Work is progressing to set out the OD strategy in more detail with a programme of activity to support significant transformation, which by its very nature will be Council wide and corporately led.
- 4.9.3 When Joint Cabinet and Employment and General Committee gave its approval to the new corporate leadership structure in October 2020, it was recognised that to achieve the objectives of the restructure, revisions to service portfolios would require restructuring of at least the next two management tiers. The new Service Directors are already actively considering capacity, capability and service alignment, and this work will form a key project within the OD programme.
- 4.9.4 It is proposed, as has been the case with the ICT Improvement Programme, that an invest to save approach is used to enable the Council to fund the development of the new OD approach and framework. This funding would support upfront investment in resources to deliver the OD programme, including any changes needed to organisational structures; savings would then be identified through delivery of the OD programme to fund any recurring costs, and repay the upfront investment over time.
- 4.9.5 The programme and funding strategy are currently in development. The aim is to set out the OD strategy and programme in a report to Joint Cabinet and Employment and General Committee and then full Council.

#### 4.10 Reserves & Balances

- 4.10.1 The Council maintains a General Working Balance and several other earmarked reserves. A review of all the reserves and provisions has been undertaken as part of the budget process.

4.10.2 General Working Balance – the working balance provides a cushion for cash flow shortages and a contingency for unforeseen events. The minimum prudent level for the working balance is a matter of professional judgement based on experience, the level of other earmarked reserves and an assessment of future risks. The working balance is being maintained at £1.5m to recognise the range of risks the Council is currently exposed to. An updated assessment of financial risks and uncertainties is provided in Appendix E, which indicates that a balance of £1.5m should be adequate. A balance of £1.5m is equivalent to 14% of the Council’s budget requirement.

4.10.3 Earmarked reserves are held to meet known or anticipated liabilities. Details of the earmarked reserves held by the Council, including their purpose and predicted movements over the next five financial years are included in Appendix D.

4.10.4 The level of earmarked reserves is considered to be adequate.

#### 4.11 Consultation

4.11.1 The consultation meeting with the business ratepayers' representatives took place on 4<sup>th</sup> February 2021. Issues discussed included current retail relief schemes, the Council's administration of Covid19 small business grant schemes, planned changes to the business rates system, the Council's budget forecasts and the Council's options with regards increasing Council Tax in the coming financial year.

4.11.2 Due to the ongoing pandemic we were unable to host the annual public consultation meeting for Council Taxpayers. As a covid-19 secure alternative we developed a two week consultation involving videos, infographics and an online / telephone questionnaire asking for views on increasing the Council's share of Council Tax for properties in each band on the basis of a £5 increase per annum for a Band D property.

4.11.3 Information was sent direct to key groups including people who have previously attended public meetings and wished to stay engaged and was also available via our website for all residents to complete. The opportunity to take part in the consultation was covered by a range of local media outlets.

#### 4.12 Other Local Council Taxes

4.12.1 The special items to be added to the tax in **parished areas** are:

- **Staveley Town Council** – Band 'D' tax increased by 1.5% to £99.05 (£97.59 in 2020/21); &
- **Brimington Parish Council** – no increase with the Band 'D' tax held at £22.43 (£22.43 in 2020/21).

4.12.2 Derbyshire County Council resolved on 3rd February 2021 to increase its Council Tax by 2.5% to £1,383.07 (£1,349.34 in 2020/21).

4.12.3 Derbyshire's Police & Crime Commissioner set the Constabulary's precept and Council Tax on 4<sup>th</sup> February 2021 – the Band D tax will be £241.60, an increase of £15 (6.6%) (£226.60 in 2020/21).

4.12.4 The Derbyshire Fire and Rescue Authority set its precept and Council Tax on 11th February 2021 – the Band D tax will be £79.27, an increase of 1.98% (£77.73 in 2020/21).

4.12.5 Details of the Council Taxes for each major preceptor and by each tax band are shown in Appendix G.

#### 4.13 Calculation of Expenditure

4.13.1 The calculation of expenditure required under Section 32 of the Local Government Finance Act 1992 is shown at Appendix F.

#### 4.14 Chief Financial Officer's Assurances

4.14.1 The Local Government Act 2003 (section 25) requires the Chief Financial Officer (CFO) to report on the robustness of estimates and the adequacy of financial reserves when the statutory calculations to determine the Council Tax are reported. The CFO is the officer responsible for administration of the Council's financial affairs for the purposes of Section 151 of the Local Government Act 1972.

4.14.2 **Robustness of estimates** – subject to the risks and uncertainties highlighted elsewhere in this report and in Appendix E, the CFO is satisfied that the estimates are based on the best available information and that procedures are in place to ensure the estimates are accurate and reliable. Budget responsibility is devolved to service managers who are best placed to complete the budget working papers. The central Accountancy Team co-ordinate the budget process and check through all budget working papers. The Council's procedures allied to experienced

staff and a robust approach to risk management minimise the inherent risks and uncertainties in the forecasting process.

- 4.14.3 Budgets will continue to be monitored monthly throughout the financial year so that any required corrective action can be taken at the earliest opportunity. The medium-term financial plan is continually updated as part of that process.
- 4.14.4 **Levels of reserves** - details of the Council's reserves are provided in Section 4.10 above and in Appendix D. The General Fund minimum working balance is being maintained at £1.5m to recognise the financial risks the Council currently faces particularly in relation to Business Rates income and the Council's continuing response to the Covid19 pandemic. The updated Budget Risk and Sensitivity Analysis in Appendix E also supports the General Fund minimum working balance being maintained at this level.
- 4.14.5 The Council's policy on the use of reserves remains to use earmarked reserves for their intended purposes and to defray any surplus reserves for investment in the Council's priorities and/or in improvement / transformation programmes which are designed to produce on-going revenue budget savings.
- 4.14.6 The Council's reserves are considered adequate for 2021/22. The position in future years will depend on the Council's success in delivering planned budget savings and its ability to apply surpluses to maintain and bolster the levels of both earmarked and unearmarked reserves.
- 4.14.7 The Council also maintains several earmarked reserves for financing capital expenditure and equalising expenditure between financial years. The balances in these other reserves are also considered adequate for the medium term.
- 4.14.8 Whilst legislation requires that the CFO comments on the robustness of estimates and the adequacy of reserves, good practice requires consideration of two further matters.
- 4.14.9 The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed a **Financial Resilience Index** which is a comparative analytical tool to support good financial management. The index illustrates a range of measures associated with financial risk including levels of reserves as a proportion of the Council's overall budget. The most recent analysis was based on incomplete data which gave a misleading picture, however it is expected that the latest index, which is

set to be published shortly will show a more accurate position and demonstrate that the Council has a well balanced approach to financial management.

4.14.10 CIPFA has also produced a **Financial Management Code** to support good financial management and demonstrate a local authority's financial sustainability, giving assurance that an authority is managing its resources effectively. Compliance with this Code will help strengthen the framework that surrounds the Council's financial decision making.

4.14.11 The Code is based on a set of principles supported by specific standards and statements which are considered necessary to help Councils manage their finances in the short and medium term, financial resilience to meet unforeseen demands on services and unexpected challenges in their financial circumstances.

4.14.12 Compliance with the Code is required for 2021/22. To demonstrate the Council's compliance with the Code, an audit of our procedures was undertaken by the Head of Internal Audit in January 2021. The audit delivered a 'Substantial' assurance rating with just one medium priority recommendation made.

## **5.0 Alternative options**

5.1 It is within the gift of the Council to put forward alternative budget proposals and/or to recommend that the Council's share of the Council Tax is not increased or increased by a different level to that which has been assumed in the preparation of the budget estimates for the financial year 2021/22.

## **6.0 Implications for consideration – Council Plan**

6.1 In preparing the budget estimates for the coming financial year and updating the medium-term financial plan, detailed consideration has been given to the need for the Council's finances to be at levels appropriate to enable the Council to deliver in full on the priorities and objectives that it has set itself for the remaining term of the Council Plan through March 2023.

6.2 The preparation of sustainable and balanced budgets over the medium terms is a key activity in contributing to delivery of the third Council Plan priority 'delivering value for money services'.

## **7.0 Implications for consideration – Financial and value for money**

7.1 The report in its entirety deals with financial and value for money implications.

## **8.0 Implications for consideration – Legal**

8.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Before setting the level of the Council Tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimate to be brought forward from previous financial years, and any amounts required to be transferred between funds. The Council Tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the income and expenditure account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous financial years.

## **9.0 Implications for consideration – Human resources**

9.1 There are no human resource implications to consider in this report.

## **10.0 Implications for consideration – Risk management**

10.1 There are a number of significant risks inherent in any budget forecasting exercise and these risks increase as the period covered increases. The most significant budget risks have already been referenced, in summary form, at paragraph 4.8.5. and a more detailed budget risks and sensitivity analysis is included at Appendix E.

## **11.0 Implications for consideration – community wellbeing**

11.1 There are no community wellbeing implications to consider in this report.

## **12.0 Implications for consideration – Economy and skills**

12.1 There are no economy and skills implications to consider in this report.



### **13.0 Implications for consideration – Climate Change**

13.1 Individual climate change impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

### **14.0 Implications for consideration – Equality and diversity**

14.1 Individual equality and diversity impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific spending options.

#### **Decision information**

<b>Key decision number</b>	<b>1004</b>
<b>Wards affected</b>	<b>All wards</b>

#### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
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<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	General Fund Revenue Budget Summary
Appendix B	Budget Strategy
Appendix C	Financial Strategy
Appendix D	Reserves & Balances
Appendix E	Budget Risks & Sensitivity Analysis
Appendix F	Section 32 Statement
Appendix G	Council Taxes