



**Full Council
(Council Tax &
Budget Setting
(2020/21) etc.)**

**Thursday, 20
February 2020**

**Matter for Information
and Decision**

Report Title:

**2020/21 Budget (including approval of Council
Tax and Housing Revenue Account Rents) & Medium-Term
Financial Strategy (2021/22 to 2024/25)**

**"Committed to Financial Sustainability & Resilience
to enable Community Investment"**

Report Author(s):

Clive Mason (Chief Financial Officer / Section 151 Officer)

Purpose of Report:	<p>The primary purpose of the report is to advise Full Council and for it to:</p> <p>A. Approve:</p> <ul style="list-style-type: none">i. General Fund Budget for 2020/21 and Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25; including the Council Tax (Band D) for 2020/21;ii. The proposed changes to Fees and Charges for 2020/21;iii. Housing Revenue Account (HRA) and proposed Rent for 2020/21; and the HRA plan over the Medium Term to 2024/25;iv. Capital Programme for 2020/21; andv. Treasury Management Strategy (and other associated policies and strategies). <p>B. Consider:</p> <ul style="list-style-type: none">i. The statutory Section 25 Report by the Chief Financial Officer.
Report Summary:	<p>The Policy, Finance and Development Committee, held on the 11 February 2020, considered all of the following and recommends that Full Council approves items 1 to 5 below, the:</p> <ul style="list-style-type: none">1. 2020/21:<ul style="list-style-type: none">i. General Fund Budget and Council Tax increase; andii. Housing Revenue Accounts and Rent increase.2. Medium Term Financial Strategy (2021/22 to 2024/25) for both the General Fund and HRA;3. Capital Programme;4. Fees and Charges; and5. Treasury Management Strategy and other related policies and strategies. <p>Further, Full Council should consider the statutory Section 25 Report by the Chief Financial Officer and comment as necessary.</p> <p>All the above are discussed in detail in Appendix 1.</p>

Recommendation(s):	Cross-Reference		
		In covering report; Paragraph	In Appendix 1; Section
A. That Full Council approves the:			
• The General Fund Budget for 2020/21 and MTFS 2021/22 to 2024/25 (including Reserves & Capital), and;	2.1 Table 1 2.2 (a) 4	1.0, 2.0, 3.0	
• An increase of £5 in Council Tax for 2020/21 i.e. the Band D charge will increase to £229.50 (£224.50, 2019/20), and;	Table 1 2.2 (c)	The formal resolution on the Council Tax [Item (a) to (e)]	
• The Housing Revenue Account for 2020/21 and MTFS 2021/22 to 2024/25 (including Reserves & Capital), and;	3.1 Table 2 3.2 (a) 4	3.0, 5.0	
• An increase in <ul style="list-style-type: none"> ○ rent of 2.7%, an average rent increase of £2.03 per week, taking it to £77.44 per week (£75.41, 2019/20), ○ specific charges of 2.7%, and; 	3.1 Table 2 3.2(b)	5.0	
• The future savings, income generation, growth proposals and fees & charges proposals, and;	2.1	1.0	
• 2020/21 Treasury Management, Capital, Investment and Flexible Use of Capital Receipts Strategies; Minimum Revenue Provision Statement and Prudential Indicators.	5	4.0	
* The 6 items above have to be agreed collectively because they are interdependent on each other.			
B. That Full Council considers the Section 25 Report and comments as it considers necessary.	7	7.0	

Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Clive Mason (Chief Financial Officer / Section 151 Officer) (0116) 257 2736 clive.mason@oadby-wigston.gov.uk Chris Raymakers (Financial Services Manager) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out throughout this report
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • Various documents within Finance. • Report entitled 'Draft 2020/21 Budget (including approval of Council Tax) & Medium-Term Financial Strategy (2021/22 to 2024/25)' to Policy, Finance and Development Committee on 11 February 2020
Appendices:	1. Budget 2020/21 and Medium-Term Financial Strategy (2021/22 - 2024/25)

1. Introduction

- 1.1 Since the summer of 2019, members, the senior leadership team and the wider officer cohort have been considering various savings & invest to save, income generation and growth proposals. All of these proposals have directly informed the budget that was presented to the Policy, Finance and Development Committee on the 11 February 2020; where they were agreed and has now recommended it to Council for approval. The detailed budget and related documents are shown in **Appendix 1**.

- 1.2 The aim of the General Fund and Housing Revenue Account (HRA) budgets and the associated Medium Term Financial Strategies (MTFS) is to achieve:
- Financial resilience,
 - Financial self-sustainability, which will enable members to embark on a programme of
 - Community Investment.

1.3 Further, the 2020/21 General Fund and HRA budgets and respective MTFS will:

- Inevitably introduce new ways of working, but these will aim to ensure that the Council's agreed corporate priorities and outcomes are achieved more efficiently and effectively.
- Seek to ensure that over the medium term the Council is setting a balanced budget, and where there may be planned deficits, that reserves or other efficiency plans are in place to meet those deficits.

2. 2020/21 General Fund Budget and MTFS (2021/22 to 2024/25)

2.1 The detailed 2020/21 General Fund budgets and associated MTFS (2021/22 to 2024/25) is shown in **Appendix 1**, paragraph 1.17 and is summarised in **Table 1** below:

Summary of General Fund for 2020/21 and by the end of the MTFS Period (2024/25)	Table 1	
	2020/21 £	2024/25 £
Net expenditure	6.1m	6.2m
Budget requirement	6.4m	6.3m
Budget contribution to/(from) reserve	270k	£111k
Council Tax requirement	4m	4.5m
Council Tax base	17,520.5	17,916.3
Council Tax Band D (increase over preceding year)	229.5 (£5; 2.23%)	249.5 (£5; 2.04%)

2.2 In **Appendix 1**, paragraph:

(a) 1.26, shows that for the General Fund (Unallocated) Reserve that by the end of:

- 2020/21, reserves will be £612k and maintained at the 10% minimum level.
- The MTFS period (2024/25), the 10% minimum level of General Fund reserves is maintained.

(b) 2.1, the overall spend and income by subjective analysis for all Council services is shown, incorporating respective Fees and Charges noted at paragraph 1.4.

(c) 6.0, the Formal 2020/21 Council Tax Resolution, Council Tax Base and the Council Tax by Property Band for Precepting Authority and the Billing Authority. This resolution is so drafted on the assumption that the Council will support the proposals in the budget report for Oadby & Wigston Borough Councils' Council Tax for 2020/21.

3. 2020/21 Housing Revenue Account and MTFS (2021/22 to 2024/25)

3.1 The detailed 2020/21 HRA budgets and associated MTFS (2021/22 to 2024/25) is shown in **Appendix 1**, paragraph 5.1 and is summarised in **Table 2** below:

Summary of Housing Revenue Account for 2020/21 and by the end of the MTFS Period (2024/25)		Table 2
	2020/21 £	2024/25 £
Gross expenditure	4.4m	4.6m
Gross income	5.0m	5.3m
Total capital charges and appropriations	575k	650k
Estimated (surplus)/deficit for the year	(27k)	(72k)
Average rent increase (Average rent per dwelling)	2.7% (£77.44)	2.5% (£85.48)

3.2 In **Appendix 1**, paragraph:

(a) 5.1, shows that the HRA reserve for:

- 2020/21, estimated to stand at £741k at the end of the year.
- Increasing to £961k by the end of the MTFS period.

(b) 5.2, for other specific charges, these are increased by 2.7%.

4. Capital Programme

4.1 **Appendix 1**, paragraph 3 shows that the total capital programme for 2020/21 will total £2.5m; with the General Fund allocation being £969k and the HRA allocation being £1.5m. This capital programme will be finance by the following:

£000

- Unsupported borrowing: 544
- Grants & Contributions: 180
- Section 106: 245
- Major Repairs Reserve: 1,500

5. Treasury Management Strategy, Capital and Investment Strategies, The Minimum Revenue Provision Statement, The Flexible Use of Capital Receipts Strategy and Prudential Indicators

5.1 The Council is required to annual approve a range of Treasury related strategies and statements, these are shown in **Appendix 1**, paragraph 4. These various documents will provide the Council with the governance needed to enable it to effectively manage its cash balances; investment and borrowing activity and other Treasury related business.

5.2 The significant changes when compared to previous years include the commencement of a programme of commercial activity i.e. investing in a Property Fund and the use of new Minimum Revenue Provision policies that will support the acquisition of commercial activity.

6. Budget Consultation

6.1 On an annual basis the Council is required to consult with the Business Community in respect of the budget. At the time of drafting this report the consultation had not closed, but the results will be presented to Council at the meeting.

7. Section 25 Statement On The Robustness Report Required By The Chief Financial Officer

7.1 **Appendix 1**, paragraph 8.0 is the statutory Robustness Report required to be issued by the Chief Financial Officer (Section 151 Officer).

7.2 In summary, the budget proposed for 2020/21 does include a budget deficit, but PFD supported the recommendation that this is funded from a contribution from reserves. This draw for reserves will be from the Earmarked Reserves allocations for Commercial Investment, which means that the Council is able to maintain its General Fund (Unallocated) Reserve at 10% of Net Expenditure; its agreed minimum level.

7.3 Over the MTFS period, there is a second year of a deficit budget in 2021/22 but thereafter the Council moves into a surplus position; this is as a consequence of the Council taking proactive action to:

- Increase Council Tax by the maximum allowed,
- Introducing a Zero Based Budgeting programme of fundamental budgets reviews,
- Ongoing service transformation for services, and the
- Commencement of a programme of commercial investment.

It is therefore fair to conclude that the Council is taking proactive action to manage its budgetary concerns.

7.4 However, members should be cognisant of the risks facing the Council over the medium term, these include:

(i) changes in direct government funding, such as:

- Revenue Support Grant having now been withdrawn;
- New Homes Bonus being withdrawn from 022/23;
- Business Rates revaluation from 2021/22; and that the
- Fair Funding review is likely to impact from 2021/22 onwards.

(ii) impacts from the market itself, especially Brexit and the ever changing demands from the Councils customers.

Consequently, all of the above will inevitably provide challenges to the continued provision of council services but it should assist the Council in achieving its aims of financial sustainability and resilience to enable community investment.