



| | |
|----------------------------|---|
| Council name | COTSWOLD DISTRICT COUNCIL |
| Name and date of Committee | CABINET - 4 OCTOBER 2021 |
| Report Number | AGENDA ITEM 07 |
| Subject | MEDIUM TERM FINANCIAL STRATEGY AND BUDGET PROPOSALS 2022-23 |
| Wards affected | All |
| Accountable member | CLlr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: Mike.Evemy@cotswold.gov.uk |
| Accountable officer | Jenny Poole, Deputy Chief Executive Email: Jenny.Poole@cotswold.gov.uk |
| Summary/Purpose | The Council's Medium Term Financial Strategy has been updated along with the associated budget proposals for 2022/23. Cabinet is asked to consider the draft proposals which will form the basis of public consultation. |
| Annexes | Annex A – Refreshed Medium Term Financial Strategy Annex B – Balances on earmarked reserves to be transferred to the Council Priorities Fund |
| Recommendation(s) | <i>It is recommended that Cabinet</i> <i>(a) Approves the draft 2022/23 budget for consultation.</i> <i>(b) Approves the transfer of the balances on the earmarked reserves at Annex B to the Council Priorities Fund.</i> |
| Corporate priorities | <ul style="list-style-type: none">• Delivering our services to the highest standards• Responding to the challenges presented by the climate crisis• Providing good quality social rented homes• Presenting a Local Plan that's green to the core• Helping residents and communities access the support they need for good health and wellbeing• Supporting businesses to grow in a green, sustainable manner, and to provide high value jobs |
| Key Decision | YES |
| Exempt | NO |



| | |
|-----------------------------|--|
| Consultees/ Consultation | The draft budget proposals will be subject to public consultation through October and November 2021. Feedback from the consultation will be presented to Cabinet on 10 th January 2022. |
|-----------------------------|--|

1. BACKGROUND

- 1.1 The Council approved its Medium Term Financial Strategy (MTFS) and set its budget for the 2021/22 financial year on 24 February 2021. This Report provides an update to the MTFS and sets out the Council's budget proposals for the 2022/23 financial year. Following consideration by the Cabinet, the budget proposals will be subject to consultation with residents, businesses, community organisations and Town and Parish Councils. Feedback from the consultation will be considered by the Cabinet on 10th January 2022 and will be used to inform the final budget proposals to be considered by Cabinet and Council in February 2022.
- 1.2 The revised MTFS and revenue budgets have been prepared in consultation with Publica Business Managers and using the latest information provided by the Government on Local Authority funding.
- 1.3 The attached MTFS provides further information on the Council's Priorities and how the budget is facilitating delivery against these Priorities.

2. MEDIUM TERM FINANCIAL STRATEGY – GOVERNMENT FUNDING

- 2.1 The Chancellor of the Exchequer launched the Government Spending Review in September 2021. This will set departmental Resource and Capital budgets from 2022-23 to 2024-25 and will conclude, alongside an Autumn Budget, on 27 October 2021. However, details of the funding package for local government are not going to be known until later in November, or even under the Provisional Settlement in December 2021.
- 2.2 Work on the Fairer Funding Review (FFR) and the Business Rate Reset has not publicly progressed over the last year as Government focus has been on the response to the Covid-19 pandemic. It is now unlikely that the changes will come into effect from the 2022/23 financial year. A white paper on levelling-up is expected later in the autumn. Indications are that it will focus on devolution and how levelling-up is delivered through local structures.
- 2.3 The level of Government funding available to the Council for 2022/23 has been modelled on two scenarios: a cash neutral position (which is similar to the funding arrangements for 2021/22) and a more pessimistic scenario where the full impact of cuts to New Homes



Bonus legacy payments are implemented. The details of the two scenarios are set out in the Table below:

| Government Funding | 2021/22 Government Funding £000 | Scenario 1 Government Funding £000 | Scenario 2 Government Funding £000 |
|---------------------------------|---------------------------------|------------------------------------|------------------------------------|
| Retained Business Rates | 3,280 | 3,424 | 3,424 |
| Lower Tier Services Grant | 691 | 1,693 | 691 |
| Rural Services Delivery Grant | 632 | 632 | 632 |
| New Homes Bonus | 2,093 | 665 | 665 |
| Total Government Funding | 6,696 | 6,414 | 5,412 |
| Potential Funding Cut | | 282 | 1,284 |

- 2.4 Scenario 1 reflects the fact that the Government's Comprehensive Spending Power measure includes revenue generated through Council Tax. The Council's current MTFs includes a Council Tax increase of £5 for a Band D property for 2022/23. This will generate £282,000 of additional Council Tax income. Using the Comprehensive Spending Power measure, Council funding will be cash neutral but funding received from the Government would reduce by £282,000 as this would be raised through local Council Tax payers. The level of Government funding received will be based upon an assumption that the Council will implement the maximum increase in Council Tax allowable before triggering a referendum.

| Government Funding | 2021/22 Government Funding £000 | Scenario 1 Government Funding £000 | Funding Change 2021/22 to 2022/23 |
|--------------------------|---------------------------------|------------------------------------|-----------------------------------|
| Total Government Funding | 6,696 | 6,414 | (282) |
| Council Tax | 5,814 | 6,096 | 282 |
| Overall Funding | 12,510 | 12,510 | 0 |



2.5 The impact of the Fairer Funding Review, changes to Business Rate Retention, levelling up and devolution over the medium term remain uncertain. Advice received from Pixel Financial Management, who are experts in interpreting the impact of changes to Government policy on local authority funding, has been used to show the potential impact upon levels of Government funding for the period from 2023/24 to 2024/25. Pixel have assumed that the reduction to Government funding will be phased in over a three year period using a damping process. The potential decrease in funding, compared to 2022/23 scenario 1 is set out in the Table below:

| Government Funding | 2021/22 | 2022/23 Scenario 1 | 2023/24 | 2024/25 | 2025/26 |
|---------------------------------|----------------|---------------------------|----------------|----------------|----------------|
| Retained Business Rates | 3,280 | 3,424 | 1,468 | 1,494 | 1,522 |
| Lower Tier Services Grant | 691 | 1,693 | | | |
| Rural Services Delivery Grant | 632 | 632 | | | |
| New Homes Bonus | 2,093 | 665 | | | |
| Damping | | | 1,900 | 1,076 | 219 |
| Total Government Funding | 6,696 | 6,414 | 3,368 | 2,570 | 1,741 |
| Potential Funding Cut | | 282 | 3,046 | 798 | 829 |

3. MEDIUM TERM FINANCIAL STRATEGY (MTFS) - ASSUMPTIONS

3.1 The MTFS has been constructed using the following assumptions:

- 3.1.1** An employee pay award of 2% per annum over the life of the MTFS which impacts upon employment costs for Council employees, Members allowances and contract payments to Publica Group (Support) Ltd and Ubico Ltd.
- 3.1.2** The level of income retained from Business Rates includes an assumed Retail Price Index of 3.3% and Consumer Price Index of 2.1% per annum for each year of the MTFS.
- 3.1.3** The level of Minimum Revenue Provision for repayment of debt is calculated according to the life of the assets acquired and developed through loan funding.



- 3.1.4 Interest payments for funding loans for capital investments are at Public Works Loan Board lending rates.
- 3.1.5 Fees and charges will be set at a level which reflect the cost of service provision or market conditions. The cost of any reductions to, or waiving of, fees and charges will be taken in to account as part of the approval process for policy decisions.
- 3.1.6 The Council Taxbase will grow at a rate of 1.2% per annum as a result of housing development across the District.
- 3.1.7 The provision of £250,000 for the impact of Covid-19 on revenue in 2022/23 will not be a permanent change to the budget but will recover by 50% in 2023/24 and the Council's revenue will return to pre-pandemic levels from 2024/25.

4. CHANGES TO REVENUE BUDGET 2022/23 – CHANGES TO THE BASE BUDGET

- 4.1 The following changes are proposed to the Council revenue budget in 2022/23:
 - 4.1.1 £250,000 to reflect the potential impact of the Covid-19 pandemic on key income streams such as car parking income. This provision will be reduced in 2023/24 and 2024/25 to reflect a return to pre-pandemic levels of demand.
 - 4.1.2 £50,000 to replace the current part-time Monitoring Officer role with a full-time Director of Governance and Development role which will increase capacity within the Council leadership team to support delivery of Council Priorities and will include responsibility for Member development.
 - 4.1.3 £47,000 to make permanent a resource to support economic growth in the District, recognising the value of work delivered since 2020.
 - 4.1.4 £39,000 to reflect the cost of attracting and retaining drivers for the Ubico Ltd contract.
 - 4.1.5 £70,000 for unavoidable growth in the costs of software maintenance, and cyber security enhancements. The software market is moving from one-off capital investment to annual charges. Investment in ICT in the Capital Programme has been reduced by £50,000 to acknowledge the move from capital to revenue costs. The net impact upon the revenue budget is £20,000.
 - 4.1.6 £14,000 for the flood warden programme enabling the Council to provide a supportive role, whilst capitalising on the wealth of local knowledge and experience that can be harnessed through volunteer programmes.
 - 4.1.7 £10,000 for the Council's contribution to Active Gloucestershire which delivers projects using the "we can move" approach that aims to increase physical activity levels in the District.

5. CHANGES TO REVENUE BUDGET 2022/23 – ONE OFF INVESTMENT

- 5.1 The following one-off investments are proposed to the Council revenue budget in 2022/23:



5.1.1 £30,000 to support the Council in its efforts to take action on climate change. This will be funded from earmarked reserves.

6. SAVINGS PROGRAMME – RECOVERY INVESTMENT STRATEGY

6.1 The overall impact upon the Council’s revenue budget of the items set out in sections 2 to 4 of this report is shown below:

| | 2022/23 Gov. Funding Scenario 1 £000 | 2022/23 Gov. Funding Scenario 2 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 |
|---|---|---|-----------------|-----------------|-----------------|
| Changes to Government Funding | 282 | 1,284 | 3,046 | 798 | 829 |
| Inflation | 505 | 505 | 446 | 452 | 459 |
| Financing Costs | (23) | (23) | (242) | 1,018 | 569 |
| Increases to fees and charges | (244) | (244) | 0 | (130) | (271) |
| Increased income from Council Tax | (313) | (313) | (288) | (308) | (300) |
| Changes to Revenue Budget | 414 | 414 | (125) | (125) | 0 |
| Overall Budget Pressure | 621 | 1,623 | 2,838 | 1,705 | 1,285 |
| Budget Surplus 2021/22 | (6) | (6) | | | |
| Savings Required to Balance Budget | 615 | 1,617 | 2,838 | 1,705 | 1,285 |

6.2 The deficits forecast in the Table above have been prepared using the latest information on the Fairer Funding Review. As stated in 2.2, the Government has not provided any progress updates for over a year as a result of the focus on the Covid-19 pandemic. Until the Government provides a consultation document, with examples of the impact upon individual local authorities, the Council needs to take a prudent approach and to plan accordingly.



- 6.3** The refreshed MTFS indicates that the Council needs to increase its revenue streams by £6,444,000. The overall scale of the budget challenge is the same between scenario 1 and scenario 2, the difference being the speed at which reductions to Government funding come through to the Council.
- 6.4** On 23 September 2020, Council approved a Recovery Investment Strategy (“RIS”). The RIS aims to increase income or deliver efficiency savings through working with partners totalling £4,580,000. Once the update of the MTFS is complete in February 2022, the RIS will be updated to reflect the revised targets in the MTFS.
- 6.5** The Tactical Plan from the existing Strategy, shown below, details the five themes to meeting the original £4,580,000 target: replacement incentive grants from Government, revenue from capital investment, recognition of rural services grant as part of the Fairer Funding Review, increasing income from Council revenue streams, delivering efficiency savings from partner service providers.

| Cotswold Commercial Strategy - Tactical Plan | Total £ | 2020/21 £ | 2021/22 £ | 2022/23 £ | 2023/24 £ | Total £ |
|--|------------------|----------------|------------------|------------------|----------------|------------------|
| Core MTFS Savings | 394,000 | 329,000 | 43,000 | 22,000 | | 394,000 |
| MTFS Additional Target | 4,580,000 | 674,000 | 1,606,000 | 1,350,000 | 950,000 | 4,580,000 |
| Replacement of Incentive Based Funding Schemes by Govt | 1,250,000 | | 500,000 | 500,000 | 250,000 | 1,250,000 |
| Income per annum from capital investment | 1,356,000 | | 381,000 | 500,000 | 475,000 | 1,356,000 |
| Rural Services Grant | 500,000 | | 500,000 | | | 500,000 |
| Increasing existing revenue streams /new streams | 1,000,000 | 500,000 | 125,000 | 250,000 | 125,000 | 1,000,000 |
| Efficiency from existing service provision partners | 474,000 | 174,000 | 100,000 | 100,000 | 100,000 | 474,000 |
| Total | 4,580,000 | 674,000 | 1,606,000 | 1,350,000 | 950,000 | 4,580,000 |
| Commercial Income Required | 1,356,000 | - | 381,000 | 500,000 | 475,000 | 1,356,000 |
| Capital Required to Deliver | 54,200,000 | - | 15,200,000 | 20,000,000 | 19,000,000 | 54,200,000 |

- 6.6** In order to deliver £1,356,000 of income from capital investment, the Council has included £54,200,000 in its Capital Programme. In recognition of the increased savings target, a further £11,000,000 has been included in the Capital Programme in the 2024/25 financial year.
- 6.7** In the last two years, the Council has increased income or made efficiency savings totalling £1,083,000 as detailed below:

| | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|
| Publica Local Gov. Pension Scheme savings | 0 | 25 |



| | 2020/21 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Lump sum investment to Gloucestershire Local Gov. Pension Scheme | 184 | 0 |
| Ubico efficiency | 90 | 56 |
| Parking income | 400 | 55 |
| Garden waste service income | 21 | 155 |
| Delivery charges for waste containers | | 60 |
| Bulky waste collection income | | 20 |
| Commissioning savings | | 17 |
| Total | 695 | 388 |

- 6.8 The proposed budget for 2022/23 includes the following savings which have been delivered through the implementation of the Recovery Investment Strategy:

| | £000 |
|--|------------|
| Interest on loan to Cottsway Housing Association | 10 |
| Efficiency savings from Ubico | 100 |
| Changes to car parking charges and charging periods | 300 |
| Move to cashless car parking | 57 |
| Increase to garden waste charges to reflect the full cost of operating the service | 224 |
| Other partnership savings | 79 |
| Publica pension savings from staff turnover | 25 |
| Total | 795 |

- 6.9 The MTFS has been updated to reflect savings or income generation required to replace Government funding and a requirement to generate income to fund unavoidable budget pressures or investment in Council priority services. The revised targets are set out below together with the savings where firm plans are in place. In scenario 1, for 2022/23, the Council is in a position to deliver more savings than are anticipated to be required at the time of preparing this report.



| | 2022/23 Gov. Funding Scenario 1 £000 | 2022/23 Gov. Funding Scenario 2 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 |
|---|--|--|-----------------|-----------------|-----------------|
| Cuts to Gov. Funding | 282 | 1,284 | 3,046 | 798 | 829 |
| Unavoidable budget pressure/service investment | 339 | 339 | 0 | 907 | 457 |
| Savings from prior year | (6) | (6) | (180) | | |
| Planned Savings | (795) | (795) | (25) | (25) | (25) |
| In year contribution to savings | | | (209) | | |
| Savings to find/(Budget Surplus) | (180) | 822 | 2,632 | 1,680 | 1,260 |

6.10 There is a risk that scenario 2 could come to pass and therefore the Council will need to increase income, make savings or draw upon the General Fund balance to produce a balance budget.

6.11 There are a number of investment opportunities in progress relating to solar energy, regeneration and economic development. Each investment will be considered by the Capital Programme Investment Board prior to reports being considered by the Cabinet or Council.

7. CAPITAL PROGRAMME

7.1 The Capital Programme has been updated to reflect the fact that the development of the car park at the Waterloo site in Cirencester is currently deferred while the impact of the Covid-19 pandemic on demand for car parking in Cirencester becomes clearer. The funding provision remains in the Capital Programme but it is assumed that development will not commence until 2023/24.

7.2 The Capital Programme now includes decisions taken in recent months for the following:



- 7.2.1 Carbon efficiency measures which are funded by a grant from the Department for Business, Energy and Industrial Strategy;
 - 7.2.2 Flood improvement works at the Council's Packers Leaze depot;
 - 7.2.3 Works required to the pool hall at Cirencester Leisure Centre;
 - 7.2.4 Investment in affordable housing schemes at Moreton-in-Marsh and Tetbury, which is funded through developer contributions;
 - 7.2.5 A loan to Cottsway Housing Association enabling the development to have improved energy efficiency measures installed.
- 7.3 Provision of £200,000 for both 2021/22 and 2022/23 has also been included for investment related to the Council's partnership with Bromford Housing Association. The partnership has been established with the ambition of increasing the provision of social housing in the District, developed to carbon zero building standards.
- 7.4 It is proposed that the capital funding available for the RIS is increased by £11,000,000 in 2024/25. This will facilitate the delivery of the revised targets as set out in section 6 of this report.
- 7.5 Funding available to support the RIS can be used for investment in Council services which will enable additional income from fees and charges, for example in Council car parks and property assets.
- 8. RESERVES – GENERAL FUND BALANCE**
- 8.1 The original budget for 2020/21 assumed a contribution to the General Fund Balance of £212,000. The Council revised the 2020/21 budget in light of the Covid-19 pandemic in September 2020. Following the revised budget in September 2020, it was estimated that there would be a revenue deficit of £222,101 resulting in a reduction to the General Fund. The original and revised budget also included a transfer from the general fund of £3,601,000 which included a one-off contribution to the Local Government Pension Fund generating savings of £184,000 per annum. At the end of the year, the contribution to General Fund balance was £21,627 and the General Fund balance stood at £896,258.
- 8.2 The Table below shows the impact on the General Fund of the capital and revenue proposals contained within this report. The up-front payment of the Local Government Pension Scheme deficit contribution in 2020/21 enables the Council to increase the General Fund balance by the annual contributions it would have been expected to make in 2021/22 and 2022/23. The General Fund is due to increase from just under £900,000 to over £4,288,000 at the end of the 2022/23 financial year.



| | 2020/21 Approved Budget £000 | 2020/21 Outturn £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 |
|---|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Opening Balance | 4,475 | 4,475 | 896 | 2,536 | 4,351 | 4,351 | 4,350 |
| 2020/21 Council decisions June/ July use of Balance | 0 | (333) | 0 | 0 | 0 | 0 | 0 |
| Contribution to Glos. LGPS | (3,268) | (3,268) | 0 | 0 | 0 | 0 | 0 |
| Saving on LGPS Pension Deficit | 0 | | 1,634 | 1,634 | 0 | 0 | 0 |
| Revenue budget surplus/(deficit) | 212 | 22 | 6 | 180 | 0 | 0 | 0 |
| Closing Balance | 1,419 | 896 | 2,536 | 4,351 | 4,351 | 4,351 | 4,351 |

- 8.3** There is a risk to delivery of the savings through the RIS matching Government funding cuts. The Table below sets out the potential impact upon the General Fund balance should delivery of savings take longer than anticipated. For 2022/23, there is an assumption that efficiency savings from Publica and Ubico are not delivered. The Council has already taken decisions and implemented policies which are expected to deliver the bulk of the savings. For 2023/24, as opportunities are still at an early stage of development, scenario planning assumes that the majority of savings are delivered a year later. As the savings for 2024/25 and 2025/26 have a longer period for delivery it is assumed that 30% of the savings are delivered a year later.

| | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | 2025/26 £000 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Closing Balance | 4,351 | 4,351 | 4,351 | 4,351 |
| Assumed savings | 795 | 2,632 | 1,680 | 1,261 |
| Savings at risk of delay to delivery | (200) | (2,300) | (500) | (400) |



| | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| Efficiency 2022/23 not deliverable | N/A | (400) | (600) | (800) |
| Revised Closing Balance | 4,151 | 1,651 | 3,251 | 3,151 |

8.4 This provides important assurance that should the delivery of some of the savings through the RIS be delayed the General Fund will be able to smooth out the revenue impact. However, delivery of the action plan must be a priority for the Council.

9. RESERVES – EARMARKED RESERVES

9.1 The Council holds various revenue reserves which are earmarked for specific purposes. For example, to fund projects which are associated with Council Priorities or recurring such as housing condition surveys or District elections which are not annual events but which take place at set intervals.

9.2 A review has been carried out of the revenue reserves previously earmarked for specific purposes. Some reserves are no longer required and balances totalling £270,369 will be transferred to the Council Priorities Fund. Details of the reserves to be closed are attached at **Annex B**.

9.3 The fact that the Council remains in the Gloucestershire Business Rates pool for 2021/22 is reflected in a likely windfall gain to the Council Priorities Fund of £350,000 at the end of 2021/22, along with a small windfall gain of £27,000 as a result of Gloucester City Council joining Ubico Ltd as an additional shareholder. If, as expected, the changes to Business Rate Retention are delayed until 2023/24, there is the potential for a further windfall gain in 2022/23.

9.4 The following addition commitments have been identified as requiring one-off funding from the Council Priorities Fund:

9.4.1 £5,000 to fund any payments made under the Council Tax Exceptional Hardship Scheme or the Council Tax Discretionary Policy.

9.4.2 £30,000 for consultancy support required under the Council's Leisure Strategy.

9.4.3 £30,000 for engagement with communities regarding the climate change emergency

9.4.4 £44,000 for the continuation of advice on sustainable transport to support the refresh of the Local Plan.

9.5 Details of all commitments against the Council Priorities Fund are set out at **Annex A4** of the MTFs. The most significant investments include:

9.5.1 £1.8 million for a strategic site acquisition in Cirencester enabling regeneration as part of the Cirencester Masterplan.

9.5.2 £0.8 million towards addressing the climate change emergency.



- 9.5.3 £0.8 million for the revision of the Local Plan to make it green to the core.
- 9.5.4 £0.4 million to support the RIS.
- 9.5.5 £0.4 million to provide for additional costs and income losses as a direct result of the impact of the Covid-19 pandemic on the Council's finances. This especially relates to the collection of waste and recycling materials and leisure services.
- 9.5.6 £0.2 million for Clean and Green Cotswold programme which aims to maintain and improve the public realm and enhance a sense of pride in the District.

9.6 Details of the earmarked reserve balances held as at 31 March 2021 are included at **Annex A4**.

10. CONSULTATION

10.1 The Council plans to use a wide range of communications channels to share the key budget messages and highlight the consultation to as many residents, businesses and community organisations as possible, encouraging them to take part. This will include:

- 10.1.1 An edition of Cotswold News which is delivered to all households across the District
- 10.1.2 The use of social media including Facebook, Twitter and Nextdoor and local social media groups
- 10.1.3 Videos with Cabinet members explaining the Council's budget
- 10.1.4 An animated video explaining budget proposals
- 10.1.5 Promotion via the Council's website homepage and banner
- 10.1.6 Media engagement with a release at the start and end of consultation
- 10.1.7 A bespoke webpage covering key messages and linking to an online survey
- 10.1.8 Promotion through Town and Parish Councils
- 10.1.9 Promotion in the Council's new E-newsletter
- 10.1.10 Promotion to staff and Councillors through internal communications and the Council's Overview and Scrutiny Committee.

10.2 This will be complemented by engagement, both online and in person including:

- 10.2.1 A budget special edition of the regular CDC Live programme
- 10.2.2 Drop in sessions at the Moreton Area Centre and the Trinity Road offices
- 10.2.3 Opportunity for discussion at the Parish Council fora
- 10.2.4 Stands or drop-in sessions in Cirencester, Bourton-on-the-Water, Moreton-in-Marsh and Tetbury.

10.3 The key budget messages which will form the basis of the consultation include:

- 10.3.1 Background to Government funding cuts, past and forecast.
- 10.3.2 Growing income from investment through the RIS.
- 10.3.3 Providing opportunities for local residents to invest in Green Bonds which will also promote the Climate Change Emergency message.
- 10.3.4 Seeking feedback on changes to car parking charging periods and levels.



10.3.5 Proposed Council Tax increase of £5 per annum (Band D equivalent).

10.3.6 Promoting opportunities for Town and Parish Councils to work in partnership with the District Council to deliver services which are important to their locality and maximise their ability to increase income through their Council Tax precept.

10.4 The Consultation will run from 4th October to 19th November 2021. Feedback will be provided to the Cabinet in January 2022.

11. CONCLUSIONS

11.1 The report sets out the Council's budget proposals for 2022/23 which will be subject to consultation. Feedback from the consultation process together with any further budget adjustments for 2022/23 will be reported to the Cabinet in January 2022. The final budget proposals, incorporating the Government funding for the Council, will be presented to the Cabinet in February 2022 and will be debated at Council on 16 February 2022.

12. FINANCIAL IMPLICATIONS

12.1 There are no direct financial implications of this report itself.

13. LEGAL IMPLICATIONS

13.1 Save for any legal duties and requirements set out in the body of the report there are no legal implications arising directly from the recommendations.

14. RISK ASSESSMENT

14.1 The following risks have been identified on the MTFs or detailed 2022/23 budget proposals.

14.1.1 A revised waste and recycling service was introduced at the same time as the national lockdown response to Covid-19 in March 2020. Throughout the last financial year Ubico incurred additional costs as a result of its staff being required to self-isolate, additional health and safety measures in place to protect the workforce and a requirement to operate additional rounds as a result of the volume of waste being presented for collection by households. At the time of preparing this report, it still remains unclear whether the cost pressures experienced by Ubico are temporary, as a result of the various lockdowns and an increase in working from home, or become more embedded as households change their patterns of behaviour. This will become clearer as communities settle in to a new routine. Ubico will work with the Council on the contract sum requirement for 2022/23 over the coming months. If necessary, provision for additional funding will be made available from the Council Priorities Fund to address this risk.



- 14.1.2** It is unclear whether the Government will make any changes to the Retained Business Rates Scheme in 2022/23 such as redistributing some (or all) of the growth above the baseline funding position which this Council has previously benefited from.
- 14.1.3** Until the Government announces details from the Spending Review later this year it is unclear whether or not the Council will receive any New Homes Bonus over and above the residual payments previously promised by Government. In addition it is unclear if any Rural Services Delivery Grant or Lower Tier Support Grant will be payable for 2022/23. Longer term, the impact of the Fairer Funding Review and Retained Business Rates Scheme pose a significant risk to the level of core Government funding available to the Council. This has been addressed in detail within the MTFs aspects of this report. The Council has approved a RIS which aims to address the potential funding challenge.
- 14.1.4** The 2021/22 budget assumed a reduced level of growth in the Council Tax base from 1.2% to 0.5%. The 2022/23 budget assumes that Tax base growth back at 1.2%. Until the 2022/23 Tax base is calculated in October there is a risk that the Tax base could be lower than forecast.
- 14.1.5** The economic impact of Covid-19 could result in collection fund losses higher than anticipated in this draft budget. This will be reviewed as part of the budget process and will be clearer once the final budget proposals are available in February 2022. For 2020/21, the Government has shared the impact of taxation losses with local authorities and has allowed the deficit to spread over 3 financial years.
- 14.1.6** The economic impact of Covid-19 could result in reduced income to the Council. A provision of £250,000 has been allowed for lower levels of car park revenue as a result of reduced demand in 2022/23.
- 14.1.7** A review is being carried out of the Council's pay structure, the provision of legal and counter-fraud services. Similarly, a review of Member allowances is being carried out by the Independent Remuneration Panel. The impact of these reviews will be considered in the next phase of the Budget process.
- 14.1.8** The Government is considering legislative changes as part of the Environment Bill which may impact upon the Council's waste, recycling, heritage and conservation services. Similarly, there are also changes proposed in the Planning Bill and the Elections Bill. This budget assumes that any impact of legislative change will be funded by the Government through New Burdens funding.



- 14.1.9** The Parliamentary Boundary Review is proposing splitting the Cotswold constituency into two. There will be an impact upon resources required to deliver a Parliamentary election. Costs of Parliamentary elections are funded by Government. Therefore growth has not been included within this budget. Some one-off funding may be required should an election be called during 2022/23.
- 14.1.10** In April 2023, the introduction of a Minimum Energy Efficiency Standard (MEES) will mean that the Council is not able to let properties unless they have a minimum energy efficiency of E or above. This may require investment in some Council assets and will be considered at the next stage in the budget process.
- 14.1.11** There is the potential for vacancies in the Council's commercial property portfolio. A review is underway of the portfolio and recommendations will be presented as appropriate with a view to mitigating risk on the revenue budget as far as possible.
- 14.1.12** At the time of preparing this report, the Council is reviewing the findings of building condition surveys. These works are being considered in line with the Publica's agile working project and the potential future use of the Council's Trinity Road offices. Any funding requirements which exceed current budget provision will be considered in the next phase of the budget.
- 14.1.13** The impact of inflation could be higher than anticipated in these budget proposals. In particular, the local government pay award 2021/22 is still subject to negotiation. Unions have rejected a 1.75% pay award. The ICT service is also experiencing cost pressure in excess of the Consumer Price Inflation levels.
- 14.1.14** The Government is introducing an increase of 1.25% to employer National Insurance contributions as part of its announcement on adult social care reform in September 2021. Government has stated that local government will be compensated for this additional cost burden for both employees and contracts. The budget assumes that the additional cost will be fully compensated. There is a risk that the cost pressures exceed additional Government funding. This will be reviewed further in the Council's budget setting process.

15. EQUALITIES IMPACT

- 15.1** There are no direct implications arising from this result. The equalities impact of policy change or through the implementation of projects referred to in this report will be considered in subsequent reports to the Cabinet or Council as appropriate.



16. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

16.1 The MTFS and budget proposals for 2022/23 include the revenue and capital funding committed to the Council's response to the climate and ecological emergencies. In particular, an additional £30,000 is included to support engagement with communities on the climate change emergency. The capital programme includes an additional £200,000 in the current financial year and £200,000 in 2022/23 to support the Council's ambition of developing social housing which is built to carbon zero standards.

17. ALTERNATIVE OPTIONS

17.1 The Cabinet may consider alternative budget proposals either at the meeting or following the consultation process in January and February 2022.

18. BACKGROUND PAPERS

18.1 None

(END)