

**Response and Recovery Committee****16 February 2021****Medium Term Financial Strategy 2021/22 - 2024/25 and Detailed Budget and Council Tax 2021-22**

Report by Sarah Ireland, Executive Director of Corporate and Communities

Relevant Portfolio Holder: Councillor Andreas Kirsch, Finance &amp; Commissioning

**Purpose of Report**

To set out the proposed budget for 2021/22 to 2024/25 and the detailed information required to enable this Committee to make recommendations to Budget Council on 25 February 2021.

**Recommendation(s)****The Committee is asked to RESOLVE that:**

1. The comments of the Culture, Housing, Environment & Planning Committee and the Children and Adults Care and Education Committee be noted;
2. The Executive Director, Corporate and Communities be authorised to make any necessary changes to the GLA precept in the Council Tax Calculation in **Annex 3 of the Budget Report Pack** to this report prior to submission to Budget Council, once the final decisions have been confirmed by that body;
3. Council be **RECOMMENDED** to approve the budget proposals and Council Tax for 2021/22 as set out in the Budget Report Pack report and annexes.
4. Council be **RECOMMENDED** to authorise the relevant officers to take necessary action to deliver the agreed budget and service changes, including increasing relevant fees and charges in line with inflation.
5. Council be **RECOMMENDED**, in accordance with the requirements of the Local Government Act 2003, to note the comments of the Executive Director, Corporate and Communities in regard to the robustness of estimates and the level of reserves and balances as set out in the section "Comments of the Executive Director, Corporate and Communities (S151 Officer) " in **paragraphs 24 to 33 of the Budget Report Pack**;
6. Council be **RECOMMENDED** in accordance with sections 32 to 36 of the Local Government Act 1992, to calculate the amounts in the statutory Council Tax calculation, **Annex 3** of the Budget Report pack) for the financial year 2021/22.
7. Council be **RECOMMENDED** to approve the Capital Strategy including the detailed capital programme for 2021/22 to 2024/25 as set out in **Annex 11** to the

Budget Report and the Treasury Strategy including the Annual Investment Strategy, prudential indicators and the Minimum Revenue Provision (MRP) policy as set out in **Annex 12** to the Budget Report.

8. Council be **RECOMMENDED** to approve the HRA 2021-22 base budget and proposal for growth and savings as set out in **Annex 10** of the Budget Report Pack.
9. Council be **RECOMMENDED** to approve the pay policy at **Annex 13** to the budget report;
10. Council be **RECOMMENDED** to approve the Schools Budget for 2021-22 in line with paragraph **16** and **Enclosure 1** of **Annex 14** to this report;
11. Council be **RECOMMENDED** to approve the proposals outlined for the Central School Services Block (ref. paras **25-27**) of **Annex 14** to this report);
12. Council be **RECOMMENDED** to approve the proposals outlined for the Early Years Block including the transfer of £162k to the High Needs Block (ref. paras. **28 - 33**) of **Annex 14** to this report);
13. Council be **RECOMMENDED** to approve the proposals for the High Needs Block (outlined in **Annex 14** paras. **34-37**);
14. Council be **RECOMMENDED** to approve the proposals outlined for the Schools Block (ref. paras **19-24** of **Annex 14**) and the Schools Funding Formula outlined in **Enclosure 2** of **Annex 14** and the Schools Allocations in **Enclosure 3** of **Annex 14** be approved, including a Minimum Funding Guarantee of +0.5% per pupil (ref. paras **21-22** of **Annex 14**).

### Benefits to the Community:

Setting a balanced budget assists in ensuring the Council is financially sustainable and able to deliver services to the community.

### Key Points

- A. A separate document, entitled '**Budget Report 2021/22 to 2024/25**' has been published alongside this agenda **and has been dispatched as a separate document to all Members. Members may wish to reference this and have this available during the meeting.** The references in this report refer to that Budget Report pack unless otherwise stated. That document comprises the budget proposals for all service areas.
- B. Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and the level of Council Tax. The Budget

Report Pack therefore includes the advice of the Executive Director, Corporate and Communities (Section 151 Officer) as set out in **paragraphs 24 to 33 of the Budget Report pack.**

- C. This Committee is asked to consider the budget proposals relating to electoral services, legal affairs, performance, regulatory services, finance, human resources and pensions, contracts and commissioning, voluntary sector commissioning, revenue and benefits, asset management, cemeteries and crematoria and registration services, Emergency Planning, Communications, Customer Contact, ICT, Adult Education, Leisure and Economic Development being the services within its remit and the overall draft budget and to make the appropriate recommendation to Council.
- D. Any information made available subsequent to this document going to print, including recommendations from the other Strategic Committees, will be tabled as late information.
- E. In relation to the services within the remit of this Committee, Members are asked to refer in particular to the following items:
1. Budgetary growth is shown in **Annex 5**. This includes; **item 2** in relation to Audit, **item 4** in relation to Facilities Management, **items 8 to 11** in relation to ICT, **item 22** in relation to Leisure, **item 14** in relation to Corporate Performance and Risk, **item 15** Storage and **item 16** the Registration Service, **item 19** the Kingston Together Fund, **items 23 to 24** in relation to Property Voids and Skills & Employment, **item 34** in relation to Community Safety & Resilience and **items 18 & 52** which are unallocated future growth provided for as yet unknown future pressures and to help cover the costs of Covid-19.
  2. Budget reductions are shown in **Annex 6** of the report. These include; **item 9** relating to the Senior leadership team, **item 19**, relating to leisure, **items 23 to 27** in relation to efficiencies within Governance and Law and **items 28 and 41 to 42**, Customer and Business Support, **item 30** relating to Finance and **items 31 to 33** relating to reduced historic pension costs, **items 34 to 40** relating to efficiencies in HR, **items 43 to 47 and item 50** in relation to ICT, **items 48 to 49** in relation to contracts and commissioning and **item 52 and 63** in relation to Operational Property and Future Workspace, **items 64 to 65** in relation to Regeneration.
  3. The Capital Strategy is set out in **Annex 11** with the detailed programme provided in **Enclosure 1** including; **items 1 and 3** in relation to contracts and Commercial, **items 4 to 8** relating to Digital and ICT, **items 27 to 49** relating to property and **items 50 to 51** which relate to the regeneration programme.
- F. The information in the Budget Report Pack is to enable the Committee to consider how the budget proposals contribute to delivering an overall balanced budget for the whole Council, and take a considered view of all relevant factors before Full Council determines the final budget and Council Tax for 2021/22 on 25 February 2021. In relation to the Committee's wider responsibilities for the Council's Medium Term Financial Strategy, the proposals should be considered as a whole and alongside the comments of other Strategic Committees.

- G. In relation to the wider remit of this committee in respect of the medium term financial strategy, Members are asked to refer in particular to the following annexes within the Budget pack:
1. **Annex 1** to this report sets out a summary of Budget risks.
  2. Growth recommended for approval within the budget is set out in **Annex 5**.
  3. **Annex 6** to the report provides a summary of the budget reductions (savings) for 2021/22 to 2024/25. The proposed savings total **£7.415m** in 2021/22.
  4. **Annex 7** sets out a summary of the proposed budget by service/function.
  5. The Capital Strategy is set out in **Annex 11**.
  6. The Treasury Management Strategy is included at **Annex 12**.
  7. The pay policy statement for 2021/22 is included at **Annex 13**.
  8. The schools budget report is included at **Annex 14**

### **Final Local Government Finance Settlement**

1. The final local government finance settlement for 2021/22 was published on 4 February 2021. This confirmed the specific grant allocations included within the budget report pack and the revocation of the London Business Rates pool, as described in the budget report pack. There are therefore no changes to the budget proposals that are required as a result of the final settlement.

### **Comments from other Strategic Committees**

2. Each of the other Strategic Committees are considering the budget at their meetings in the run up to the Response and Recovery Committee. Each committee is asked to consider the budget for the services within their remit and make recommendations to the Response and Recovery Committee; Culture, Housing, Environment & Planning Committee having additional responsibilities with regard to setting rent levels in the housing revenue account. That Committee is due to meet on the 11th February and recommendations will be tabled as late information for the Response and Recovery Committee as they are not available at the time of writing.
3. The Children's and Adults Care and Education Committee is due to meet on the 9th February and they are due to make specific recommendations in relation to the schools budget which will be tabled as late information for the Response and Recovery Committee as they are not available at the time of writing.

## Consultations

4. Community Engagement on the budget proposals ran from 14 December 2020 to 18 January 2021. A summary of this engagement is included in the main budget report pack.
5. Any consultation necessary for specific proposals will be carried out as part of the detailed implementation plan for those changes. Proposals subject to consultation prior to implementation are marked as such in the budget report pack.

## Timescale

6. After consideration by the Strategic Committees, the Budget will be considered and recommended for approval by Council on 25 February 2021.

## Financial Context

7. The Council is operating in an increasingly challenging financial environment. Kingston faced a number of financial challenges in the medium to longer term - even before the COVID-19 outbreak, which has further added to these challenges. The economic and financial consequences of the pandemic, growing demand for services, and limited government grant funding make it difficult to find adequate funds to meet the borough's needs.
8. The future of local government finance faces a significant level of uncertainty. The impact of the Fair Funding Review and a future review of business rates is currently unknown, and the lasting effects of COVID-19 on our residents, local businesses and the Council itself remain uncertain.
9. Despite these challenges the council has a drive and commitment to ensure it is doing the best for residents and communities

## Resource Implications

10. All resource implications are contained within the Budget Report pack.

## Legal Implications

11. The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount of council tax must be sufficient to meet the Council's legal and financial commitment, ensure the proper discharge of its statutory duties and lead to a balanced budget.
12. The Localism Act 2011 provides for a council tax referendum to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State. The Local Government Finance

Settlement published in December 2020, announced that a referendum must be held if council tax for general spend is to be increased by 5% or more. Council tax for general spending requires a referendum if it rises by 2% or more alongside a maximum 3% social care precept.

13. In considering the budget for 2021/22, members must consider the Public Sector Equality Duty under s149 Equality Act 2010. The council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Members must consider how the decision will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.
14. Some of the proposed savings will be subject to separate decision making processes (either by Officers, Strategic Committee or Council). Some of the proposed savings require a consultation process to be undertaken and the product of consultation (together with the equality analysis) must be conscientiously taken into account in finalising any decisions. The Budget Report makes it clear that if, as a result of the consultation process there are changes to proposed savings alternative arrangements will need to be made to deliver reductions in spend.

### **Risk Assessment**

15. A financial risk assessment is contained within the Budget Report pack.

### **Equalities Analysis**

16. An equalities consideration has been undertaken and is disclosed within the budget report pack.

### **Health Implications**

17. There are no direct health implications arising from this report. Any health implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

### **Road Network Implications**

18. There are no direct road network implications arising from this report. Any road network implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

## **Sustainability Implications**

19. There are no direct sustainability implications arising from this report. Any sustainability implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

**Background papers** - None other than those referred to in this report

**Author of report** - Rachel Howard, Assistant Director, Finance (RBK), Telephone 020 8547 5709, email: [rachel.howard@kingston.gov.uk](mailto:rachel.howard@kingston.gov.uk)