

# Budget Management Update 2020/21

**Cabinet**

**Date: 2<sup>nd</sup> December 2020**

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Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

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## **1. Purpose and Reasons**

- 1.1 This report presents the 2020/21 revenue budget forecast out-turn and the latest position regarding the budget for 2021/22.
- 1.2 In addition, this report meets the requirement to publish initial proposals for the Budgetary and Policy Framework at least two months before the Framework must be adopted.
- 1.3 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.4 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's improvement programmes.

## **2. Recommendations**

Cabinet is recommended to:

- 2.1 Note the 2020/21 revenue budget forecast out-turn for each service area set out in Table 1 and Appendix 1;
- 2.2 Approve the virements set out in Appendix 2.
- 2.3 Allocate £150,000 from the Hardship grant awarded in March 2020 to the Swindon Emergency Assistance Fund, in order to help those in financial hardship through provision of necessities or provide financial guidance to such individuals.
- 2.4 Note the update on the financial outlook and that the Local Government Finance Settlement for 2021/22 has yet to be published and therefore the funding position for that year remains uncertain;
- 2.5 Approve that consultation commences for budget proposals set out in Appendix 3 with the outcome of that consultation being reported to Cabinet in February 2021 prior to considering the final budget to be recommended to Council;
- 2.6 Approve the change to Empty Homes Premium for properties that are unoccupied or unfurnished for more than 10 years; and

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Further information on the subject of this report can be obtained from Mick Bowden, on direct dial 07392 109917 or email [mbowden@swindon.gov.uk](mailto:mbowden@swindon.gov.uk).

## Budget Management Update 2020/21

**Cabinet**

**Date: 2<sup>nd</sup> December 2020**

---

- 2.7 Approve that the local Council Tax Support scheme will remain unchanged, apart from any increases in allowances or non-dependent deductions.

### **3. Detail**

#### Forecast Out-turn for 2020/21

#### General Fund

- 3.1 The position at the end of September is that the General Fund is forecast to be on budget. This represents an improvement of £4.7m since the last report.
- 3.2 The current forecast is after the application of the COVID-19 emergency funding from the Government of £16.7m, and is based on the COVID-19 pressures during the remainder of the financial year, including the implementation of national restrictions, being offset by the anticipated government support for income losses.
- 3.3 The significant improvements since the last report are:
- 3.3.1 Receipt of a further £3.7m of COVID-19 emergency funding from the Government bringing the total received to £16.7m;
  - 3.3.2 Confirmation of £1.476m grant from the government as the first tranche of support for reduced sales, fees and charges income;
  - 3.3.3 Improved income forecasts for parking services reflecting the increase in vehicle numbers using the car parks (£345k);
  - 3.3.4 Reduction in forecast cost of PPE and other contingencies following confirmation of specific funding (£1.1m).
- 3.4 The above improvements have mitigated a number of significant new pressures in Adult Services where there have been increases in both demand for and cost of provision for Older People, Physical Support and Mental Health (£680k).

## Budget Management Update 2020/21

Cabinet

Date: 2<sup>nd</sup> December 2020

- 3.5 The budget and out-turn by Department is set out in Table 1 below and the full details are contained in Appendix One.

Table 1 – Revenue Budget Forecast

Department	Budget 2020/21	Forecast	Variance	Movement since last report
	£'000	£'000	£'000	£'000
Adults	66,532	69,999	3,467	(563)
Children Services	47,239	51,192	3,953	(192)
Operations	23,964	29,141	5,177	(344)
Enabling	16,297	17,028	731	113
Economy & Development	1,850	3,798	1,948	72
Finance & Assets	(6,808)	(5,419)	1,389	(171)
<b>Sub-Total</b>	<b>149,074</b>	<b>165,739</b>	<b>16,665</b>	<b>(1,085)</b>
COVID-19 Grant Funding		(16,665)	(16,665)	(3,660)
<b>Total General Fund</b>	<b>149,074</b>	<b>149,074</b>	<b>0</b>	<b>(4,745)</b>

### Hardship Funding

- 3.6 As part of the Government's COVID-19 response the Council was allocated £1.3m in March 2020 to, initially, provide additional support to Council Tax Support claimants of £150 in the current financial year. Based on the anticipated commitments against this fund, it is forecast that £150k will be available to support those in financial hardship. It is therefore proposed to transfer this sum to the Emergency Assistance Fund to be used either to provide food, essentials or help with utility bills or help with financial advice for those in need.

### Dedicated Schools Grant (DSG)

- 3.7 The DSG is forecasting an overspend of £2.6m which is an increase of £594k since the last report.
- 3.8 This is due to an increase in demand for Post 16 provision.
- 3.1 This pressure increases the cumulative deficit on the DSG to £4.25m. In July, Schools Forum agreed a timetable of consultations for a deficit recovery plan. SEND Strategic

## Budget Management Update 2020/21

Cabinet

Date: 2<sup>nd</sup> December 2020

---

Board and Schools Forum will consider a report on the outcome of the consultation in January.

### Housing Revenue Account (HRA)

- 3.2 HRA Budget Managers are currently forecasting a net overspend of £89k, which is an improvement of £61k since the last report as a result of underspends across operational budgets.

### Budget Strategy and Policy Framework

- 3.3 The Council's current medium term financial strategy was endorsed by Council in February 2020. This set out the requirement for the Council to identify savings of around £40m over the period to March 2024.
- 3.4 As set out in the October Cabinet report the impact of COVID-19 on the Council's finances will also need to be addressed, in particular:
- 3.4.1 Collection Fund levels of council tax and business rates income,
  - 3.4.2 Projections for other key income streams, such as car parking,
  - 3.4.3 Demand pressures in adult and children's social care and the impact of COVID-19 on the care provider market
- 3.5 There is currently significant uncertainty on both the value of the above pressures and the extent to which any such pressures will be funded by Central Government. At the time of drafting this report the outcome of the spending review is still to be published. Officers have therefore continued to develop budget proposals based on the existing funding assumptions set out in February's financial strategy.
- 3.6 Appendix 3 sets out the draft budget proposals for 2021/22. The approach to developing the budget in 2021/22 and later years is based on:
- 3.6.1 Cross-cutting demand management work on social care transitions, strength based and place-based working;
  - 3.6.2 Service improvements in Operations;
  - 3.6.3 Continuing to develop the Council to ensure it operates in the most modern, effect and effective way.

## Budget Management Update 2020/21

Cabinet

Date: 2<sup>nd</sup> December 2020

---

- 3.7 A summary of the current draft budget proposals is set out in Table 2 below.

Table 2 – Summary of Draft 2021/22 Budget

	£m
Spending Pressures	14.1
Funding Changes	0.4
Savings Identified to Date	(7.8)
Increased Funding (Feb 2020 estimate)	(2.9)
Budget Gap	3.8

- 3.8 Officers will continue to develop plans to close the residual gap, incorporating the impact of funding announcements anticipated over the next few weeks.

### Tax Base and Collection Fund Surplus/Deficit

- 3.9 The Council is required to notify precepting bodies by 31<sup>st</sup> January 2021 of the assumed level of tax base for 2020/21. It is also required to calculate the estimated surplus or deficit on the Collection Fund as at 31 March 2021, which is accounted for in the following year's budget. Given the impact of COVID-19 on the Collection Fund the Government has recently published changes to these arrangements to spread deficits over three years. The Government has also made reference to further support for irrecoverable income losses, with any such announcement anticipated to form part of the Spending Review. An update on the latest position will be provided at the Cabinet meeting.

### Empty Homes Premium

- 3.10 Currently, domestic properties that are empty and unfurnished for more than ten years are charged 300% Council Tax (the additional 200% is known as the empty premium). This is to encourage their owners to bring them back into use. To strengthen this incentive the Rating and Council Tax Act 2018 has increased the level of premium that Councils are able to charge from 200% to 300% (total charge 400%), with effect from 1 April 2021.

### Local Council Tax Support Scheme

- 3.11 Since the replacement of council tax benefit with a Local Council Tax Support scheme, there is a requirement to review the local scheme each year and agree any amendments. Members are asked to agree that the Local Council Tax Support scheme

# Budget Management Update 2020/21

Cabinet

Date: 2<sup>nd</sup> December 2020

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in 2020/21 be unchanged, apart from any increases in allowances or non-dependent deductions, which will be increased in line with the national scheme or inflation, measured by the consumer price index.

## 4. Alternative Options

- 4.1 The Council is required to set a balanced budget. If Cabinet choose not to approve the budget proposals set out in this report, then further options would need to be identified to ensure that the statutory requirement is met.

## 5. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

- 5.1 The General Fund is forecasting to be on budget for the current financial year. This is after the application of the COVID-19 emergency funding from the Government of £16.7m, and is based on the COVID-19 pressures during the remainder of the financial year being offset by the anticipated government support for income losses. However, should there be a residual overspend, this would be a call on the Council's reserves.
- 5.2 The forecast deficit on the DSG is £4.2m. Schools Forum have agreed a timetable to consult on a deficit recovery plan and a report on the outcomes of this consultation will be submitted to SEND Strategic Board and Schools Forum in January.
- 5.3 The HRA is currently forecasting an overspend of £89k. The HRA is ring-fenced and therefore any variances at year end will be managed within the HRA.
- 5.4 The report sets out the latest position on preparation of the budget for 2021/22. A current budget gap of £3.8m is projected, but this will be subject to clarification of COVID-19 pressures and funding announcements.

### Legal and Human Rights Implications

- 5.5 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

### Climate Change Impact

- 5.6 This report includes the budget savings arising from the continued implementation of energy reduction through the installation of LED lighting.

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.7 There are no such direct implications.

# Budget Management Update 2020/21

**Cabinet**

**Date: 2<sup>nd</sup> December 2020**

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## Diversity Impact Assessment

- 5.8 Diversity Impact Assessments (DIA) are being undertaken for budget proposals that could affect protected groups. Where assessments undertaken identify adverse impacts then mitigations will be developed as part of the proposals.

## Risk Management

- 5.9 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

## **6. Consultees**

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 Appendix 1 – Forecast Out-turn by Department 2020/21

- 8.2 Appendix 2 – Proposed Budget Virements

- 8.3 Appendix 3 - Detailed Budget Proposals 2020/21

## **9. Key Decision/Decision in Cabinet Work Programme and Forward Plan**

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for December 2020.