



REPORT TO:	Cabinet
DATE:	24 th February 2021
SUBJECT:	2021/22 Budget Report, Medium Term Financial Strategy and Council Tax
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Cllr Jonathan Noble
REPORT AUTHOR:	Adrian Sibley, Section 151 Officer, adrian.sibley@e-lindsey.gov.uk
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

Attached to this report is the draft summary of the 2021/22 budget and the 5-year Medium Term Financial Strategy (MTFS) from 2021/22 to 2025/26. The report also includes the recommended level of Council Tax increase for 2021/22 of £4.95. This represents a 2.57% increase to make the Council's share of the precept £197.91.

The proposed revenue budget for 2021/22 shows a balanced position after allowing for the growth from the Living Wage Foundation and from Internal Drainage Board Levies. However, in the following years there is a savings requirement of approximately £700k per year.

The Cabinet are asked to consider and recommend to Full Council the attached budget, Strategies and the Council Tax increase.

RECOMMENDATIONS

That the Cabinet recommends to Full Council:

1. The Draft Budget and Medium-Term projections
2. A Council Tax increase of £4.95 (2.57%)

REASONS FOR RECOMMENDATIONS

To comply with budgetary and policy framework

OTHER OPTIONS CONSIDERED

No other options have been considered as part of this report although Cabinet could decide utilise reserves to fund one-off schemes or to approve a Council Tax freeze. This would however increase the level of savings required in future years by around £100k per annum.

REPORT

- 1.1** The attached draft summary sets out the Council's revenue and capital position for the 2021/22 Budget and the 5-year MTFS to 2025/26.
- 1.2** It shows a balanced position for 2021/22, followed by the need to make approximately £700k of savings in future years in order to maintain a balanced budget position without drawing down on reserves.
- 1.3** The preparation of the budget for 2021/22 has been a detailed process involving officer working groups, Management Team and member meetings. This represents a healthy financial position in view of the current challenges that are being experienced throughout local government at the current time.
- 1.4** The Budget assumes an increase in the Council Tax of £4.95 (2.57%) for 2021/22 and 2% per annum thereafter. This is in line with current known referendum limits of £5 or 2%, whichever is the greater. The increase in the Council Tax allows for £36k growth for implementation of the Living Wage Foundation and £60k for Internal Drainage Board Levy increases to be absorbed. There is also a £100k provision for potential sales and fees income shortfalls, following the additional risk to income collection levels.
- 1.5** For future years, it is expected that the predicted deficit can be partially offset by further Strategic Alliance savings, PSPS transformation savings and other service reviews that will be undertaken during next year.
- 1.6** It should also be noted that the Council is expected to have around £13m in reserves at the end of 2021/22.

CONCLUSION

The overall financial position of the authority is generally healthy in view of the current economic pressures and as compared to several other authorities across the country. Whilst savings are likely to be required moving forward, depending on future government funding announcements, these are achievable with careful financial management.

FINANCIAL IMPLICATIONS

These are referred to within the report

LEGAL IMPLICATIONS

This report is required by virtue of the Local Government Finance Act 1992, as amended by the Localism Act 2011.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

EQUALITY AND SAFEGUARDING IMPLICATIONS

None

OTHER IMPLICATIONS

None

CONSULTATION

The budget has been subject to a full public consultation exercise, including Corporate and Community Committee, Audit and Governance and a Member briefing on the 14th of January. Feedback from the consultation will be given at the Cabinet Meeting.

APPENDICES

Appendices are listed below and attached to the back of the report: -

Budget Setting Report	Budget Setting Report and Medium-Term Financial Strategy
Appendix 1	Summary by Portfolio Area – Overall
Appendix 2	Summary by Service Area – Overall
Appendix 3	Corporate Charging Policy
Appendix 4	Fees and Charges

Appendix 5	Reserve Statement
Appendix 6	Capital Strategy – 2021/22 update, including Asset Management Plan and Treasury Management Strategy 2021/22 to 2025/26
Appendix 7	Pay Policy
Appendix 8	Internal Drainage Board commentary

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
Budget Working Papers	

CHRONOLOGICAL HISTORY OF THIS REPORT

Audit & Governance Committee 25th January 2021

Cabinet 27th January 2021

Corporate & Community Committee 18th February 2021

REPORT APPROVAL

Report author:	Adrian Sibley, Section 151 Officer, Adrian.sibley@e-lindsey.gov.uk
Signed off by:	Not required
Approved for publication:	Not required