

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	18 JANUARY 2021
SUBJECT:	DRAFT REVENUE BUDGET 2021/22
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

The final budget will not be approved by the full Council until 9 March 2021, however, at this point, the Executive is recommended to approve the following:-

- (i) The Budget adjustments included in the Standstill Budget, as set out in Paragraphs 4 to 7;
- (ii) The standstill budget for 2021/22 of £147.076m and this should form the basis of the 2021/22 revenue budget (para 7.1);
- (iii) A proposed increase in Council Tax for 2021/22 at 3.75%, which will be subject to public consultation (para 10.2);
- (iv) Additional proposed budget amendments, as set out in Table 5;
- (v) An initial proposed budget for 2021/22 of £147.531m;
- (vi) That the Executive should seek the opinion of the public on the proposed budget proposal and council tax rise for 2021/22.

The detailed report on the preparation of the 2021/22 standstill budget, the provisional settlement and funding the budget gap is attached as Appendices 1 – 3.

B - What other options did you consider and why did you reject them and/or opt for this option?

N/A

C - Why is this a decision for the Executive?

This matter is delegated to the Executive.

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

Yes

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	TBC
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	TBC
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> • Appendix 1 – Report on Draft Revenue Budget 2021/22 • Appendix 2 – Analysis of the Movement from the 2020/21 Final Revenue Budget to the 2021/22 Standstill Budget • Appendix 3 - 2021/22 Standstill Budget by Service 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • Medium Term Financial Plan 2021/22 – 2023/24 – See Executive Meeting Agenda 28 September 2020 – Item 8 		

DRAFT REVENUE BUDGET 2021/22**1. INTRODUCTION**

- 1.1. The following report sets out the Executive's provisional revenue budget for 2021/22. The budget is prepared on the basis of the assumptions set out in the Medium Term Financial Plan (MTFP) approved by the Executive in September 2020, the provisional local government settlement, which was issued by the Welsh Government on 22 December 2020, and the proposed revenue savings which have been identified by the individual services and have been discussed at the various workshops that have taken place during the summer and autumn.
- 1.2. The provisional budget approved by the Executive will then be subject to a formal public consultation process, which will run from 19 January 2021 to 2 February 2021.
- 1.3. Following receipt of the final settlement figures on 2 March 2021, the final budget proposal will be subject to a review by the Scrutiny Committee on 16 February 2021, will be recommended for approval by the Executive on 1 March 2021, with the final 2021/22 budget being approved by the Council at its meeting on 9 March 2021.

2. MAIN ASSUMPTIONS ARISING FROM THE MEDIUM TERM FINANCIAL PLAN

- 2.1. The Medium Term Financial Plan sets out a number of assumptions and these assumptions have been taken into account in calculating the standstill budget for 2021/22. The standstill budget is a budget which provides resources to operate services at 2020/21 levels but updated to reflect any known changes outside the control of the services (committed changes) and to reflect the costs in 2021/22.
- 2.2. These assumptions have been factored into the standstill budget along with more detailed changes (committed changes) which allow for known increases in costs e.g. contractual commitments and minor budget corrections. The draft budget also allows for additional funding, known changes to grant funding and minor budget corrections deemed necessary to ensure that the Council's budget accurately reflects the costs it faces in 2021/22.

3. COMMITTED CHANGES

- 3.1. Committed changes are amendments which are taken into account in drawing up the standstill budget and they reflect an increase or decrease in costs which are outside the control of the Council or the individual service. The changes can include items of one off funding required or falling out of the budget, costs arising from legislative changes, changes in costs arising as a result of a tendering exercise, capital financing costs etc. The total adjustments made to the budget total £2,642k, details of the major changes are discussed in the paragraphs below.

3.2. Refuse Collection and Street Cleansing Contract

Following a formal procurement process, the Council has entered into a new agreement with Biffa for the provision of refuse collection and street cleansing services. The new contract commences on 1 April 2021 and will run for an initial 8 year period. The agreed contract price for 2021/22 is £909k above the current budget. In addition, the Council has agreed to fund the purchase of £4.5m of new vehicles and plant which Biffa will use to undertake the contract. The Council will undertake unsupported borrowing to fund the purchase of the vehicles and plant and this will result in an annual minimum revenue provision (MRP) charge of £563k to the revenue budget along with additional annual interest costs of £68k.

In January 2020, the Executive agreed to introduce an annual charge for the collection of green garden waste and, in October 2020, the Executive agreed that the annual charge would be £35 per household. It is estimated that the charge, net of additional staffing costs, will generate £265k in additional income which partly offsets the additional costs of the new contract.

Therefore, the new contract will require an additional £1.275m of funding, which is equivalent to around a 3% increase in Council Tax.

3.3. Information Technology

The Council is becoming ever more reliant on information technology to provide its services and this shift to digital services has been of great benefit during the pandemic, with staff switching to working from home and more of the Council's customers dealing with the Council electronically. This increase in demand for the use of information technology requires an increased level of technical support to maintain the Council's infrastructure and software. Additional staffing resources are now required and £257k has been allocated in the 2021/22 budget to fund these additional resources.

In addition, the threat to the Council's systems and data is ever increasing with daily attempts being made to hack into the Council's systems. An additional £22k has been allocated to upgrade the Council's systems to protect from ransomware attacks.

Maintaining contact with all of the Council's staff has become more important during the pandemic and it has highlighted the need for all the Council's staff to be allocated a corporate e-mail account. This will require the Council to purchase an additional 600 licenses at an annual cost of £43k.

During the pandemic, a significant number of staff have moved to home working in response to the Welsh Government's request, however, working from home does create issues on a number of fronts, not least in respect of telephony. The Council's current telephone system is based on a handset on each desk which is inflexible and costly to maintain. By moving to calls being routed to staff using Teams it will allow staff to access calls from home or on their own personal devices and will result in savings in capital expenditure i.e. to replace the infrastructure and handsets and also reduce the need for staff to have a corporate mobile phone. The cost of the change is £85k per annum but savings will result in mobile phone costs, energy costs and maintenance costs. These savings will be applied to future revenue budgets when the level of actual savings are clearer.

Improvements are necessary to the Council's public wifi system and an additional £8k is required to maintain the upgraded system annually.

3.4. Pupil Numbers

Each year, the effect of the change in pupil numbers in the primary and secondary sectors is taken into account as part of the budget setting process. For 2020/21, this has resulted in an increase in the secondary sector of £333k but a decrease in the primary sector of £95k.

Up until 2018/19, the Council's Special School (Canolfan Addysg y Bont) funded 85 pupils. As part of the 2018/19 budget, an additional £78k was allocated in order to fund an additional 5 pupils. Since 2019/20, the budget has been changed to reflect the changes in pupil numbers. The budget has been increased by £147k to reflect the anticipated change in pupil numbers in 2021/22.

3.5. North Wales Growth Bid

At its meeting on 8 December 2020, the full Council resolved to commit to the Growth Bid for North Wales. In addition to an annual payment to meet the Council's contribution to the cost of running the Programme Office (£50k per annum), which is already included in the Council's revenue budget, the Council also agreed to contribute to funding the annual interest costs which will be incurred as a result of borrowing which will be required in the early years of the project. The estimated annual contribution for the Council will be £67k per annum and this sum has been added to the revenue budget for 2021/22.

3.6. Historic Pension Costs

The Council continues to make payments to both the LGPS and Teachers Pension Schemes in respect of former employees who retired early. The method of funding early retirements changed in the mid 2000s and annual contributions ceased, however, annual payments continue to be made in respect of employees who retired early before the change took place. Although the number of individual payments fall, as sadly the former employees pass away, the required sum is assessed by the pension scheme actuary every 3 years and this has resulted in the Council's contributions having to increase. The new sum is an additional £150k from 2021/22.

3.7. Council Tax Reduction Scheme

Up until 2013/14, taxpayers eligible to receive a reduction in their Council Tax bills received this through the benefits system in the form of Council Tax Benefit, which was funded by the Department of Work and Pensions. In 2013/14, Council Tax Benefit was replaced by the Council Tax Reduction Scheme, with the funding for the scheme being transferred into the Revenue Support Grant. Initially, the scheme was fully funded but, as the level of Council Tax has risen and the number of claimants changed since 2013/14, it has been necessary for the Council to provide additional funding to meet the cost of the scheme (in addition to the sum provided in the Revenue Support Grant).

The budget for 2020/21 stood at £6.016m, although normally this budget will be reviewed further to take account of any further changes in the caseload and the final increase in Council Tax for 2020/21. However, the global pandemic and resulting economic downturn may result in a disproportionate increase in the caseload. This has been recognised by Welsh Government, who will be providing additional grant funding to meet the increased costs incurred during 2021/22.

However, it will still be necessary to increase the budget to take account of the increase in the level of Council Tax in 2021/22, with each 1% increase in Council Tax increasing the cost of the Council Tax Reduction Scheme by £60k. For the purposes of the standstill budget an additional £301k has been included to meet the cost of a 5% increase in Council Tax (as per the MTFP). The final budget will be amended to reflect the final agreed increase in Council Tax.

3.8. North Wales Fire & Rescue Service Levy

The Fire Service raises a levy each year which is allocated across the six North Wales Authorities based on population numbers, which vary each year between the 6 authorities. At its meeting on 9 November 2020, the North Wales Fire and Rescue Authority resolved to increase the levy by 3.15%, which results in an increase in the budget of £97k, which takes the standstill budget to £3.690m.

3.9. Others

A number of other budgets have been adjusted to reflect changes that have taken place during the year which are outside the control of the service, these include income budgets where the Service can no longer charge the income. The total net value of these adjustments amount to a reduction of £54k.

4. CONTINGENCIES

- 4.1.** As part of the budgeting process, a number of contingency budgets are built into the budget to cover fixed term costs, potential risks that may require funding during the year or as a general contingency which is utilised during the year as additional budget pressures arise or as unexpected events occur. The changes made to the contingency budgets are shown in Table 1 below:-

Table 1					
Movement in Contingency Budgets between 2020/21 and 2021/22					
		End Date	2020/21 Budget	Proposed 2021/22 Budget	Change
			£'000	£'000	£'000
Stem Regional Project	Earmarked	2021/22	38	38	-
Regional Growth Bid	Earmarked	Ongoing	50	117	+ 67
Demand Risk	Earmarked	Transferred into Service Budgets	486	0	(486)
Salary and Grading	Earmarked	Ongoing	150	150	-
Lone Working	Earmarked	2020/21	20	0	(20)
NDR Discretionary Rate Relief		Ongoing		70	-
General Contingency		Ongoing	372	362	(10)
TOTAL			1,186	737	(449)

4.2. The Salary & Grading Contingency has been included in the Council's budget for a number of years to meet the cost of early retirements and redundancies, as the Council and schools reduced the workforce in response to the reduction in funding. The improved financial position in 2021/22 allows the Council to keep this budget at the 2020/21 level, as it is not expected that it will be necessary to make significant reductions in staffing numbers in 2021/22.

5. STAFFING COSTS

5.1. Pay costs will change annually to reflect the changes in staff over the year (new staff being appointed to a different point on the pay scale), staff receiving annual increments and the pay award. The effect of each on the budget is detailed below:-

5.2. Staff increments and changes in posts has increased costs by £541k.

5.3. The Chancellor of the Exchequer announced, in November 2020, a pay freeze for all public sector workers (excluding NHS) earning over £24,000 and that the pay award for those earning less than £24,000 would be at least £250. However, the pay award for local government workers (NJC staff) is not set by the UK Government but is set by the body which represents local government employers. In addition, the setting of the annual teachers pay award has been devolved to the Welsh Government. As a result, this announcement has resulted in some uncertainty in respect of the potential pay awards for the 2 main groups of local government workers.

- 5.4. The Teachers pay award for the academic year commencing September 2020 ranged from 2.5% to 3.75%. The Welsh Government recognised that this settlement was higher than Councils would have allowed for in their budgets and, as such, awarded an additional grant to Councils to cover the additional cost. Anglesey received £90k to cover the cost from September 2020 to March 2021 and this grant has now transferred into the 2021/22 settlement. Given that this appears to be the Welsh Government's approach to Teachers' pay, it is reasonable to assume that the Council should provide a sum based on estimated inflation for the pay award from September 2021 onwards. In the current economic climate, estimating inflation in 2021 is difficult given the impact of the pandemic and Brexit. However, the current Bank of England forecast is that inflation will be around 1% by the middle of 2021 and so this figure has been allowed for as inflation for teachers' pay. This increased the overall pay budget by £171k.
- 5.5. Estimating the pay award for non teaching staff is equally as difficult and whether the Employers will follow the UK Government's lead and implement a pay freeze for this group of staff. A £250 increase for staff earning less than £24,000 would equate to an increase of between 1.05% and 1.38% for this group of staff but, as the staff in these pay grades only account for a proportion of the pay bill, an increase for these staff and a pay freeze for the remainder would result in an overall increase of less than 1% in the pay bill. Taking this into account and assuming that staff will receive some form of pay increase and that inflation is likely to remain at around or just below 1% in 2021, 1% has been allowed for in the standstill budget for pay inflation. This increases the overall pay budget for NJC staff by £427k.

6. NON PAY INFLATION

- 6.1. The Medium Term Financial Plan allowed for a level of general price inflation of 1.5%. The Consumer Prices Index (CPI), which is now widely recognised as the best measure of inflation, is currently 0.3% (as at November 2020) and is forecast to remain on or around 1% in 2021. However, the impact of Brexit is unknown and may result in an increase in inflation should the UK leave the EU with no deal agreed and any economic recovery following the pandemic may also increase inflation in 2021. It is, therefore, considered that an inflation rate of 1.5% is reasonable and this rate has been applied to all general supplies and services budgets. Where specific contracts have specific methods to determine the inflation to be applied, then that specific rate will have been applied to the appropriate budget.
- 6.2. Over the last 3 years, a general 3% increase has been applied to non-statutory fees and charges budgets and this figure has again been applied in 2021/22, although services have the discretion to increase individual fees and charges by more or less than this figure, provided that their overall income rises by 3%.
- 6.3. The net increase of the adjustments for non pay inflation and non statutory income is £1.009m.

7. STANDSTILL BUDGET 2020/21

- 7.1. Based on all of the adjustments and assumptions detailed above, the standstill budget for 2020/21 totals £147.076m, an increase of £4.930m on the 2020/21 final budget. This compares to the Welsh Government's Standard Spending Assessment of £148.168m for Anglesey. A summary of the changes made is attached as Appendix 2.

8. PROVISIONAL SETTLEMENT

- 8.1. The provisional settlement for Local Government in Wales, announced on 22 December 2020, shows an increase of £177.0m in the overall level of funding for Wales, which is equivalent to a 4.0% increase in cash terms. However, £5.126m relates to grants transferred in and, when the effect of these changes are adjusted for, the true figure shows an increase in funding of £171.9m, which is a 3.8% increase. The details are shown in Table 2 below:-

Table 2 2021/22 Provisional Settlement		
	Anglesey	Wales
	£'m	£'m
2020/21 AEF	101.004	4,474.444
Adjustment for the Change in the Taxbase	0.275	0.000
Previous Years Grants Transferred In / (Out)		
Coastal Risk Management	0.000	1.145
Teachers' Pay	0.090	3.981
2020/21 Adjusted AEF	101.369	4,479.570
Provisional AEF 2021/22	104.825	4,651.494
Increase in comparison to 2020/21 AEF	3.821	177.050
% Increase in comparison to 2019/20 AEF	+ 3.78%	+ 3.96%
Increase in comparison to 2019/20 Adjusted AEF	3.456	171.924
% Increase in comparison to 2019/20 Adjusted AEF	+ 3.41%	+ 3.84%

- 8.2. The population statistics used in the funding formula have been updated and Anglesey have seen a reduction in the AEF due to this change because the revised population figures for Anglesey were lower than the previous forecast. Some authorities have gained from this change, in particular Newport, Vale of Glamorgan and Bridgend, whilst others have lost due to falls in population, in particular Wrexham and Ceredigion. Other changes also feed into the distribution formula and this explains why the allocations to individual Councils vary from 2% to 5.6%.
- 8.3. The provisional settlement also includes details of a number of grants, although the individual allocations per Authority are not listed. The grants include the Social Care Workforce and Sustainability Pressures Grant, which has increased from £40m to £50m. Anglesey will receive an additional £230k (approximate) from the increase in this grant.

9. THE FUNDING GAP

9.1. Based on a standstill budget of £147.076m and an AEF level of £104.825m, the net expenditure to be funded from Council Tax is shown in Table 3 below:-

Table 3		
Budget Funding Gap 2021/22		
Standstill Budget	£'m	£'m
Funded By:		147.076
Revenue Support Grant (RSG)	81.345	
Share of Non Domestic Rates Pool	23.480	
Total Aggregate External Finance		104.825
Total Net Expenditure to be Funded from Council Tax		42.251
2020/21 Council Tax Budget (adjusted for the change in the taxbase)		(41.161)
Funding Shortfall (before an increase in Council Tax)		1.090

9.2. The impact of various levels of Council Tax increase and on the Band D equivalent charge (currently £1,304.73 in 2020/21) is shown in Table 4 below:-

Table 4				
Impact of Various Council Tax Increases on the Funding Shortfall				
% Increase	Council Tax	Funding Shortfall / (Surplus)	Weekly Effect on Band D	Total Increase in Band D
	£'m	£'m	£	£
0.5	41.366	0.846	0.12	6.48
1.0	41.574	0.638	0.25	13.05
1.5	41.778	0.434	0.38	19.53
2.0	41.985	0.227	0.50	26.10
2.5	42.190	0.022	0.63	32.58
2.65	42.252	(0.001)	0.66	34.56
3.0	42.397	(0.185)	0.75	39.15
3.5	42.601	(0.389)	0.88	45.63
4.0	42.809	(0.597)	1.00	52.20
4.5	43.013	(0.801)	1.13	58.68
5.0	43.220	(1.008)	1.25	65.25

10. FUNDING OTHER BUDGET PRESSURES AND SERVICE DEMANDS

10.1. The standstill budget of £147.076m would allow the Council to maintain its existing services, however, the Council faces new budget pressures and new demands for services which have not been allowed for in the standstill budget. These pressures and demands have become more apparent as the Council has responded to the Covid pandemic.

10.2. Funding these additional pressures and demands can be done in 3 ways, either independently or as a combination. The 3 additional sources of funding are:-

- To use the Council's General Balances as a source of funding;
- To implement savings in other budget areas and reallocate the savings to meet the costs of the additional pressures and new demands;
- To increase the Council Tax higher than the sum required to fund the standstill budget.

10.3. General balances are required to meet any unexpected expenditure or emergency situations and the current pandemic has highlighted why they are necessary. The level of general balances has improved during 2019/20 and the balance at the beginning of the 2020/21 financial year stood at £7.06m. It is forecast that the Council's revenue budget will underspend by approximately £1m in 2020/21 and this would increase the Council's general balances to £8m. This is equivalent to 5.44% of the 2021/22 standstill budget. This is just above the minimum level of 5% which is the Council's objective on reserves. However, it should be noted that the outturn position for 2020/21 may change from the current forecast. Although there is some scope for the use of general balances, they only provide short term funding e.g. one year only and their use does not provide a permanent source of funding. The use of reserves are best utilized to fund one off spending e.g. funding one off capital projects.

10.4. During the summer of 2020, Heads of Services were asked to identify any potential future budget savings that could be implemented in the short to medium term. The majority of the savings identified would result in the reduction of services to the residents of Anglesey and were not generally supported by Members, and the general opinion of the Members was that they should only be implemented if the budget position required the implementation of budget savings in order to balance the Council's revenue budget.

10.5. Having considered the standstill budget and given the fact that an increase of 2.55% is mainly required to fund the increase in the cost of the new Waste Collection and Street Cleansing contract, an additional rise of 1.2% in Council Tax was considered as a means of funding the additional budget pressures and demands. An additional increase of 1.2% above the level required to fund the standstill budget would generate an additional £494k in funding.

10.6. The priority areas identified as requiring additional funding are as follows:-

- **Professional Staff**

For a number of years, the Council ran a successful trainee programme which provided opportunities for those seeking to start a career in Local Government to obtain the necessary skills and experience to enable them to achieve their goal and for the Council to obtain a supply of suitably qualified and experienced labour. As the austerity measures were implemented and the Council needed to make budget savings, the trainee programme was cut. However, the Council are finding it increasingly difficult to appoint suitably qualified professional staff in a number of areas across the Council's services. A budget of £250k would allow the appointment of between 8 and 10 trainees which would provide opportunities for local people to start a career in local government and would go some way to address future skills shortages which the Council will face.

- **Public Protection Capacity**

The current pandemic has highlighted the critical role of Public Protection in maintaining public health on Anglesey. The expectations on the Function will continue once the current pandemic comes to an end as a result of the additional operational challenges and responsibilities arising from Brexit. Again as a result of austerity, this Service has seen a high level of budget savings implemented which has significantly reduced its capacity. A budget increase of £50k would allow the Function to increase its capacity to meet the increased demands.

- **Education Inclusion**

The Education Service has commissioned a report to assess the current educational provision for the most vulnerable learners at KS4 and to identify how the service could be improved. The conclusion of the report was reached following; Internal evaluations of the service (including feedback from students and parents); discussions and an assessment undertaken jointly with Estyn, a review of good practice with other Referral Units, input from Headteachers and an externally commissioned review. The externally commissioned review was clear of the need to work closely with Headteachers and other stakeholders to develop a model that better meets the needs of pupils. The proposed scheme is based on the development of provision in all of the Island's Secondary Schools. The proposed model is based on the "Clean Slate" model which is based on the Nurture + model (Nurture UK) and all secondary schools have already received training on the National Nurturing Schools Programme (NNSP) through the Additional Learning Needs and Inclusion Service. This means that these models would be compatible with the Authority's vision and training to establish innovative schools. £80k of additional grant funding to support the new model but schools are also expected to invest and a further £130k is required to deliver the proposed schemes.

- **IT support for Schools**

The use of IT in schools as a method of teaching has increased over the recent years but this change has been significantly accelerated in response to the pandemic and the need for schools to teach remotely. As the use of IT in schools increases, the need to maintain the IT equipment increases. This work is currently undertaken by Cynnal and the current budget is £183k and it is estimated that an additional £100k will be required to fund the cost of the additional support, whether that is provided through Cynnal or by other means.

- **Management of Tourism**

The Council's role in respect of tourism has been to promote the Island as a tourism destination but the summer of 2020 highlighted the need for the Council to undertake a more proactive role in managing tourists when they visit the Island. An additional £50k would allow the Council to improve the management of the beaches and the foreshore and also allow for improvements in data collection and data analysis in order that resources could be better directed.

- **Climate Change**

In response to the Welsh Government's declaration of a climate emergency in Wales, the Council, at its meeting on 8 September 2020, resolved to commit to achieve a Carbon Neutral Public Sector by 2030. Achieving this commitment will require substantial capital investment over the next 10 years and the Council needs to develop its strategy in order to be in a position to take advantage of any external capital funding that becomes available. An initial budget of £50k will allow that work to begin, although it is accepted that this budget may need to increase over the coming years.

10.7. The Council has reviewed its parking charges of its seasonal car parks at seaside locations and has concluded that the current charges are low in comparison to other authorities and there is scope to increase these charges. The Council's investment in new methods of payment now allows the Council to increase charges without having to deal with the difficulties that collecting increased amounts of cash would bring. The proposal is to increase the charges as follows:-

Up to 1 Hour – Current Charge £1.00, Proposed New Charge £1.00

Up to 2 Hours – Current Charge £2.00, Proposed New Charge £3.00

Up to 4 Hours – Current Charge £3.50, Proposed New Charge £6.00

Up to 12 Hours – Current Charge £4.50, Proposed New Charge £10.00

Up to 12 Hours (car & trailer) – Current Charge £6.00, Proposed New Charge £20.00

The increases are estimated to generate additional income in excess of £100k.

- 10.8.** The Executive have informally resolved not to increase school meal prices in September 2021 when the new school meals catering contract commences. This will give the successful contractor more certainty around the level of meals that will be purchased at the commencement of the contract. The standstill budget included a 3% increase in the income budget and reversing that change will increase the net budget by £23k.
- 10.9.** The standstill budget allows for a rise in the Council Tax Reduction Scheme budget of £300k as this was based on the initial estimated increase in Council Tax of 5% (as per the Council's Medium Term Financial Plan). Reducing the increase in Council Tax to 3.75% will reduce the required increase in this budget by £75k.
- 10.10.** Based on the proposals set out in paragraphs 10.5 to 10.9 above, the final budget proposal is set out in Table 5 below:-

Table 5		
Final Budget Proposal 2021/22		
	£'m	£'m
Standstill Budget		147.076
Additional Funding for Budget Pressures		
Professional Trainee Programme	0.250	
Additional Capacity – Public Protection	0.050	
Education Inclusion	0.130	
IT Support for Schools	0.100	
Management of Tourism	0.050	
Climate Change	0.050	
		0.630
Additional Income from Increased Car Park Charges		(0.100)
Freezing of School Meal Prices		0.023
Adjustment to CTRS Budget		(0.075)
Balance to the General Contingency		(0.023)
TOTAL PROPOSED COUNCIL BUDGET 2021/22		147.531
Funded By		
Revenue Support Grant	81.345	
Redistribution of NDR	23.480	
Total Aggregate External Finance		104.825
Council Tax with increase of 3.75%		42.706
TOTAL FUNDING		147.531

11. REVISED MEDIUM TERM FINANCIAL PLAN

- 11.1** The Medium Term Financial Plan estimates that the Council's net revenue budget will need to increase by £3.8m in 2022/23 and £3.6m in 2023/24, simply to meet the costs of pay and price inflation, increased costs on tendered contracts and the continued increase in demand for services.
- 11.2** The 2021/22 provisional settlement gives no indication as to what the funding position will be in the following 2 years. Much will depend on the UK government and their plans for public spending which will be set out in the Chancellor's budget in March 2021. It should be noted that any additional funding announced for England will result in additional funding for Wales, but it is for the Welsh Government to decide how this additional funding is spent. It does not automatically follow that any additional funding announced for Schools or Local Government in England translates to additional funding for Schools and Local Government in Wales.
- 11.3** If the settlement in 2021/22 and 2022/23 showed an increase to match inflation i.e. around 2%, the Council will be faced with making further budget reductions or increasing Council Tax by more than inflation in those years (between 3.5% and 4%).

12. MATTERS FOR DECISION

- 12.1** The final budget will not be approved by the full Council until 9 March 2021, however, at this point, the Executive is recommended to approve the following:-
- i.** The Budget adjustments included in the Standstill Budget as set out in Paragraphs 4 to 7;
 - ii.** The standstill budget for 2021/22 of £147.076m, and this should form the basis of the 2021/22 revenue budget (para 7.1);
 - iii.** A proposed increase in Council Tax for 2021/22 at 3.75%, which will be subject to public consultation (para 10.2);
 - iv.** Additional proposed budget amendments as set out in Table 5;
 - v.** An initial proposed budget for 2021/22 of £147.531m;
 - vi.** That the Executive should seek the opinion of the public on the proposed budget proposal and council tax rise for 2021/22.

**ANALYSIS OF THE MOVEMENT FROM THE 2020/21 FINAL BUDGET
TO THE 2021/22 STANDSTILL BUDGET AND 2021/22 PROPOSED BUDGET**

	Standstill Budget		Report Ref
	£'m	£'m	
2019/20 Budget		142.146	
Committed Changes			
Refuse Collection Contract	1.275		Para 3.2
I.T. Staffing, Equipment and Software	0.417		Para 3.3
Pupil Numbers	0.389		Para 3.4
North Wales Growth Bid	0.067		Para 3.5
Historic Pension Costs	0.150		Para 3.6
Council Tax Reduction Scheme	0.301		Para 3.7
Fire Service Levy	0.097		Para 3.8
Other Minor Changes	(0.054)		Para 3.9
		2.642	
Staffing Costs			
Increments	0.541		Para 5.2
Teachers Pay Award	0.171		Para 5.3
Non Teaching Staff Pay Award	0.567		Para 5.5
		1.279	
Non Pay Inflation		1.009	Para 6.3
STANDSTILL BUDGET 2021/22		147.076	
Additional Funding for Budget Pressures			
Professional Trainee Programme	0.250		Para 10.6
Additional Capacity – Public Protection	0.050		Para 10.6
Education Inclusion	0.130		Para 10.6
IT Support for Schools	0.100		Para 10.6
Management of Tourism	0.050		Para 10.6
Climate Change	0.050		Para 10.6
		0.630	
Final Budget Adjustments			
Additional Income from Increased Car Park Charges	(0.100)		Para 10.7
Freezing of School Meal Prices	0.023		Para 10.8
Adjustment of CTRS Budget to reflect increase of 3.75% in Council Tax	(0.075)		Para 10.9
Adjustment to General Contingency	(0.023)		
		(0.175)	
PROPOSED BUDGET 2021/22		147.531	

APPENDIX 3

PROPOSED BUDGET 2021/22 BY SERVICE				
Budget	2020/21 Budget	2021/22 Proposed Budget	Movement	% Change
	£'m	£'m	£'m	%
Lifelong Learning				
Schools	41.372	42.684	1.312	3.17
Central Education	10.891	11.057	0.166	1.52
Culture	1.244	1.211	(0.033)	(2.65)
Total Lifelong Learning	53.507	54.952	1.445	2.70
Highways, Waste & Property				
Highways	6.286	6.319	0.033	0.52
Property	0.931	0.996	0.065	6.98
Waste	8.030	8.820	0.790	9.84
Total Highways, Waste & Property	15.247	16.135	0.888	5.82
Regulation & Economic Development				
Economic Development & Maritime	1.882	1.955	0.073	3.88
Planning & Public Protection	2.131	2.243	0.112	5.26
Total Reg & Economic Development	4.013	4.198	0.185	4.61
Adult Services	26.872	27.679	0.807	3.00
Children Services	11.012	11.180	0.168	1.53
Corporate Transformation				
Human Resources	1.346	1.618	0.272	20.21
ICT	2.793	3.200	0.407	14.57
Transformation	0.853	0.868	0.015	1.76
Total Corporate Transformation	4.992	5.686	0.694	13.90
Housing	1.168	1.247	0.079	6.76
Resources	3.108	3.196	0.088	2.83
Council Business	1.669	1.708	0.039	2.34
Total Service Budgets	121.588	125.981	4.393	3.61
Corporate Budgets				
Corporate Management	0.626	0.636	0.010	1.60
Levies	3.599	3.695	0.096	2.67
Corporate & Democratic	2.785	3.010	0.225	8.08
Capital Financing Costs	6.939	7.499	0.560	8.07
Benefits Granted	0.112	0.112	0.000	0.00
HRA Recharges	(0.700)	(0.700)	0.000	0.00
Council Tax Reduction Scheme	6.016	6.242	0.226	3.75
Contingencies	1.035	0.985	(0.050)	(4.83)
Discretionary Rate Relief	0.070	0.071	0.001	1.43
Total Corporate Budgets	20.482	21.550	1.068	5.21
TOTAL STANDSTILL BUDGET 2021/22	142.070	147.531	5.461	3.84

