



<b>Report for:</b>	<b>Housing and Community Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>2<sup>nd</sup> February 2021</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>BUDGET PREPARATION 2021/22</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations) Nigel Howcutt, Assistant Director (Finance & Resources)
Purpose of report:	To provide Members with an overview of the draft budget and provide the opportunity to scrutinise and provide feedback to Cabinet.
Recommendations	That the Scrutiny Committee review and scrutinise the draft budget proposals for 2021/22 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.
Corporate Objectives:	All. Setting a balanced budget supports all of the Council's corporate objectives.
Implications:	The financial and value for money implications are set out in the body of the report.
Risk Implications	The Council is required to set a balanced budget and scrutiny of the overall budget proposals will assist in the challenge process required.
Community Impact Assessments	Where appropriate, Community Impact Assessments for proposed budgets amendments have been undertaken by relevant service areas.
Health And Safety Implications	None.
Consultees:	Budget Review Group; Joint Scrutiny December 2020; Portfolio Holders; Chief Officer Group; Corporate Management Team; Group Managers.
Background Papers:	Agenda item 7 October 2020 Cabinet - Medium Term Financial Strategy 2020/21 – 2024/25. Agenda Item 1 December 2020 Overview and Scrutiny –

	Budget Preparation 2021/22
Key Terms, Definitions & Acronyms	GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee RSG – Revenue Support Grant NGDP – National Graduate Development Programme

## Introduction

1. The purpose of this report is to present for scrutiny and review the final draft budget proposals for 2021/22.
2. Budget detail for every area of the Council has been made available to all Members. A glossary of budget categories and which specific budget sections are grouped under, is set out in Annexe A.
3. With the exception of the Finance & Resources committee, which scrutinises all budgets, individual Overview and Scrutiny Committees (OSCs) will focus only on those appendices and that portion of the Capital Programme that relate directly to their remit.
4. A senior Finance Officer will be present in each of the committees to support the Chair.
5. The following appendices are relevant to the draft budget proposals for 2021/22:

### Corporate view

- Appendix A – General Fund Budget Summary 2021/22
- Appendix Bi – Budget Change Analysis 2020/21 – 2021/22
- Appendix Bii – General Fund Budget Summary by Committee

### Housing & Community

- Appendix Di – Housing and Community GF Budgets Summary 2021/22
- Appendix Dii – Housing and Community GF Budgets Detail 2021/22
- Appendix Diii – Housing and Community Fees and Charges 2021/22

### Housing Revenue Account

- Appendix F – Housing Revenue Account Budget 2021/22
- Appendix G – Housing Revenue Account Movements 2020/21 – 2021/22

### Capital Programme

- Appendix Hii – Housing and Community Capital Programme: Summary of new and amended projects 2021/22 - 2025/26
- Appendix Iii – Housing and Community Capital Programme 2021/22 - 2025/26

## Changes to the 2021/22 budget proposals since December OSC meeting.

6. Changes to the draft budgets since the meeting of Joint OSC on 1<sup>st</sup> December 2020 are summarised in table 1 below, with more detail provided in subsequent paragraphs.

**Table 1: Changes to the DBC 21/22 Budget Proposals.**

<b>Savings target as at Joint OSC, December 2020</b>		<b>30</b>
<b>Local Government Financial Settlement Funding Changes</b>		
Continued suspension of Negative RSG Payment – <b>One off</b>	-940	
An additional year of New Homes Bonus Funding – <b>One off</b>	-290	
Transfer to the Dacorum Development Reserve	1,230	
Additional Covid Support – <b>One Off</b>	-700	
Transfer to the Economic Recovery Reserve	700	
New Lower Tier Finance Funding – <b>One off</b>	-170	
Transfer to the Management of Change Reserve	170	
Economic Recovery Reserve Transfer	-700	
Transfer back to Dacorum Development Reserve – use Covid Support instead	700	
<b>Amended Savings target after Settlement changes</b>		<b>30</b>
<b>Additional Pressures and Efficiencies since December OSC</b>		
Council Tax Baseline Set for 2021/22 (approved at December Cabinet)	100	
Reduce Employee Inflation Projection in 21/22 to 1.75%	-130	
<b>Amended Savings Target Prior to any New Growth</b>		<b>0</b>
<b>Additional One off Growth Funded from Reserves</b>		
Leadership Programme	70	
Project Management Support	50	
Service Planning Support	80	
Graduate Development Programme	75	
Community Safety Programme	150	
<b>Amended savings target after additional pressures</b>		<b>0</b>

7. In order to assist Members, these changes have been separated into OSC area, and more detail provided in the following paragraphs. All the proposed changes to the General Fund are included in the Finance and Resources OSC.

### **Housing and Community**

8. There have also been a number of new initiatives proposed since the last scrutiny, and detailed at the bottom of table 1, they are one off in nature and are proposed to be funded through reserve draw downs.
9. The new Community Safety initiative is a response to changes in legislation and government policy in regards to several aspects of community safety including domestic abuse and modern day slavery.

10. The council will independently review all council Community Safety Programmes and policies to ensure they are supporting the most vulnerable in our communities, more detail will be presented at the scrutiny session.
11. In addition, an extra Homelessness Prevention officer for 21/22 has been added to the budget to support the service's ongoing pressures as a response to Covid-19, to be funded through the 21/22 Homelessness Prevention Grant.

### **Housing and Community- Housing Revenue Account**

12. The draft HRA Budget for 2021/22 is attached at Appendix F, with explanations of major movements between the Original Budget 2020/21 and Draft Budget 2021/22 shown in Appendix G. This includes changes from December 2020 Joint OSC budget proposals.
13. Notable changes incorporated into HRA budgets since December 2020 Joint OSC proposals include:
  - £38k Increase in Supervision and Management in response to a new initiative to recruit 1 Graduate through the NGDP to mirror the same scheme proposed in the General fund above at para 6. This is funded through a reduction in the contribution to capital in 21/22 and 22/23.

### **Capital Programme**

14. The draft Capital Programme is set out at Appendix lii.
15. There are no new capital schemes since the position reported at December OSC.

### **Recommendation**

16. Members are asked to review and scrutinise the draft budget proposals, fees, and charges for 2021/22 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.

## **Annexe A**

### **Explanation of expenditure categories used in appendices**

#### Budget Categories Glossary

#### **Employees**

This group includes the cost of employee expenses, both direct and indirect, for example:

- Salaries
- Employer's National Insurance and pension contributions
- Agency staff
- Employee allowances (not including travel and subsistence)
- Training
- Advertising
- Severance payments

#### **Premises**

This group includes expenses directly related to the running of premises and land:

- Repairs, alterations and maintenance
- Energy costs
- Rent
- Business Rates
- Water
- Fixture and fittings
- Premises insurance
- Cleaning and domestic supplies
- Grounds maintenance

#### **Transport**

This group includes all costs associated with the hire or use of transport, including travel allowances:

- Repair and maintenance of vehicles
- Vehicle licensing
- Fuel
- Vehicle hire
- Vehicle insurance
- Employee mileage

#### **Third Party Payments**

Third party payments are contracts with external providers for the provision of a specific service. Examples for the Council include the Call Centre, Payroll Services, and Parking Enforcement.

#### **Supplies & Services**

This group includes all direct supplies and service expenses to the authority:

- Equipment, furniture and materials
- Catering/Vending
- Clothing and uniforms
- Printing, stationery and general office expenses
- External services (consultancy, professional advisors)
- Communications and computing (eg software maintenance, telephones and postage)
- Members allowances
- Conferences and seminars
- Grants and subscriptions

### **Capital Charges**

These statutory accounting adjustments reflect a notional charge to the service for the use of a Councils asset. An example is Cupid Depot, for which a charge is made to Waste Services, for as long as the service uses the asset. These charges are reversed out centrally and do not impact on Council Tax.

### **Transfer Payments**

This includes the cost of payments to individuals for which no goods or services are received. For the Council this only relates to Housing Benefit payments.

### **Income**

This group includes all income received by the service from external users or by way of charges:

- Rental income
- Sales of goods or services (eg the sale of recyclables and waste sacks)
- Fees and charges (eg Planning, Parking and Burials)

### **Grants and Contributions**

This group includes all income received by the service from external bodies:

- Specific Government grants
- Income for jointly run projects/services
- Reimbursement of costs (eg recovery of legal costs)
- Other contributions (eg recycling credits from Herts County Council)

### **Recharges**

This statutory accounting adjustment charges out the back office functions (such as Finance and Legal) to the front line services. These adjustments are based on timesheet information provided by Group Managers and are subject to changes each year. The recharges overall will come back to zero, with the only impact on Council Tax being the overall charge to the Housing Revenue Account, as shown in Appendix A.