



You can view the agenda on the [website](#)  
or use a smart phone camera and scan the code

---

To: The Chair and Members  
of the Cabinet

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

---

Date: 1 December 2020

Contact: Karen Strahan, 01392 382264

Email: [karen.strahan@devon.gov.uk](mailto:karen.strahan@devon.gov.uk)

### **CABINET**

Wednesday, 9th December, 2020

### **A G E N D A**

7 Target Budget and Service Targets for Forthcoming Year (Pages 1 - 4)

Report of the County Treasurer (CT/20/107) relating to the Target Budget, an update on the Local Government Settlement for forthcoming year, preparation of the budget and service expenditure targets and spending review, attached.

*Electoral Divisions(s): All Divisions*



## **Budget 2021/22 Report of the County Treasurer**

**Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect**

### **Recommendations:**

It is recommended that:

- (i) The content of the Spending Review 2020 be noted;
- (ii) The expected timing of the Provisional Settlement be noted;
- (iii) The revenue spending targets for 2021/22 as set out in paragraph 3 are approved; and
- (iv) Members agree that the Capital Programme is determined by Cabinet on 12<sup>th</sup> February 2021.

### **1. Introduction**

- 1.1. This report updates Members on the recent Spending Review (SR2020) and presents Budget Targets for 2021/22.
- 1.2. The Targets are set out in paragraph 3 and represent an overall increase of £28.4 millions or 5.2%.
- 1.3. The Provisional Local Government Finance Settlement has not yet been announced but is expected the week commencing 14<sup>th</sup> December although, at the time of writing this report, an exact date is not known. An update on the Provisional Settlement will be provided at the January Cabinet meeting.

### **2. Spending Review 2020**

- 2.1. The Chancellor of the Exchequer, Rishi Sunak, presented the Spending Review to the House of Commons on the 25<sup>th</sup> October. Following last year's one-year spending review, this year's was planned to be a full 3 year Spending Review but it is not a surprise that due to the economic and financial impact of the Pandemic this was reduced to one year.
- 2.2. The Spending Review provided more detail than some have in the past, but the Council's funding allocations will not be known until next week at the earliest when the Provisional Settlement is due to be announced. The size of some grant funding streams may not be known until the new calendar year.
- 2.3. The key messages from SR2020 that will impact next year's budget are set out below:

# Agenda Item 7

- Core Spending Power to increase by 4.5%. This is a headline average and does not mean that our funding will increase by this amount as the figure includes Council Tax;
- A new Social Care grant of £300 millions nationally has been announced. This is to support both Children's and Adults Social Care;
- The Council Tax increase that will trigger the need for a referendum has been announced as 2%;
- The option to set an Adult Social Care Precept of up to 3% has been announced. If the full percentage is not used in 2021/22 there is an option to carry forward the unused amount to 2022/23;
- It has been confirmed that the current Social Care grants will continue next year;
- A public sector pay freeze has been announced except for those earning less than £24,000 per annum who will receive an increase of at least £250. The pay freeze does not apply to front-line NHS staff;
- The National Living Wage will increase by 2.2% next year to £8.91 per hour;
- A grant of £670 million nationally has been announced to offset some of the impact the Pandemic is having on the Council Tax Base for next year;
- A Council Tax Income Guarantee Scheme has been announced that will compensate authorities for 75% of irrecoverable losses in the current year;
- The current New Homes Bonus scheme will continue next year;
- The Fairer Funding Review, 75% Business Rate Retention and the Business Rates Reset have been delayed;
- Covid funding of £1.55 billions nationally has been announced for next year; along with
- The continuation of the 75% Covid Sales Fees and Charges compensation scheme into the first quarter of 2021/22.

2.4. As part of the Spending Review the following grants were also announced. These grants, with the possible exception of Cyber security do not form part of the settlement and are expected to be specific ring-fenced grants. Some of the grants are for revenue purposes and some capital with a mixture of allocation by formula and grant funds that authorities are able to bid for.

- Cyber Security modernisation £16 millions;
- Test & Trace £15 billions;
- Personal Protective Equipment £2.1 billions;
- Rough Sleepers £254 millions;
- Domestic Abuse £98 millions;
- Troubled Families £165 millions;
- School Transport Capacity £70 millions;
- Secure Children's Homes £24 millions;
- Social Housing Decarbonisation £60 millions;
- Roads Maintenance & upgrades £1.7 billions;
- Cycling £257 millions;
- High Street Regeneration £621 millions; and
- Levelling up for local infrastructure £4 billions.

### 3. 2021/22 Targets

3.1. The proposed targets are set out in the table over.

# Agenda Item 7

	<b>2020/21 Adjusted Budget* £000</b>	<b>Inflation &amp; Pressures £000</b>	<b>Savings &amp; Additional Income £000</b>	<b>2021/22 Base Budget £000</b>	<b>Net Change</b>	
					<b>£000</b>	<b>%</b>
Adult Care & Health	260,757	23,287	(7,015)	277,029	16,272	6.2%
Children's Services	146,869	13,474	(3,113)	157,230	10,361	7.1%
Communities, Public Health, Environment & Prosperity	39,792	1,005	(958)	39,839	47	0.1%
Corporate Services	37,566	4,129	(1,615)	40,080	2,514	6.7%
Highways, Infrastructure Development & Waste	57,827	1,804	(2,611)	57,020	(807)	(1.4%)
	<b>542,811</b>	<b>43,699</b>	<b>(15,312)</b>	<b>571,198</b>	<b>28,387</b>	<b>5.2%</b>

\* Adjusted for permanent virements

3.2. The Capital Programme for 2021/22 to 2025/26 will be presented to Cabinet at the February Budget meeting.

**Mary Davis**  
**County Treasurer**

Electoral Divisions: All

Cabinet Member: Councillor John Hart

Local Government Act 1972: List of Background Papers

Spending Review 2020

Contact for enquiries:

Angie Sinclair

Tel. No. 01392 380711

