

**Budget 2020/21
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 delay in the announcement of the Provisional Settlement be noted;
- (ii) The revenue spending targets for 2020/21 as set out in paragraph 3 are approved;
- (iii) The increased likelihood of the Targets set out in paragraph 3 being amended in January be noted; and
- (iv) Members agree that the Capital Programme is determined by Cabinet in February 2020.

1. Introduction

- 1.1. The Setting of the Budget Targets is the first step in the formal, Council wide, budget process. The Targets are set out in paragraph 3 and represent an overall increase of £31.9 millions or 6.4%.
- 1.2. The Provisional Local Government Finance Settlement was expected to be announced early in December but has now been delayed to an unspecified date. It is hoped that the Provisional Settlement will be received in sufficient time to report to the next meeting of Cabinet in January.

2. Budget Background

- 2.1. 2019/20 is the last year of the four-year Local Government Financial Settlement. 2020/21 was expected to be the first year of a new multi-year settlement that would contain the outcome of the Fairer Funding Review, the Business Rates reset and 75% or 100% Business Rates Retention. As Members are aware this has not happened.
- 2.2. In September the Chancellor, Sajid Javid, announced a one-year Spending Round that was badged as a 'Roll-forward' for Local Government. Some additional funding for Local Government was proposed including the SR19 Social Care Support Grant, Schools funding and SEND High Needs Block with most other funding either remaining at 2019/20 levels or increasing in line with the Consumer Price Index (CPI). The Fairer Funding Review along with both the Business Rates reset and Retention plans are delayed until at least 2021/22.
- 2.3. The Spending Round and Consultation documentation contained more information at Local Authority level than is usual, but funding levels will not be known for certain until the Provisional and Final Settlements are announced. The Provisional Settlement was scheduled to be published in December with hope it would arrive early in the month.

However, with the General Election now set for 12th December, there is an expectation that it could now be closer to Christmas or even delayed until the new year. As a contingency against a January Provisional Settlement the January Cabinet meeting has been moved to the 15th.

- 2.4. The uncertainty is of course much broader than simply timing. We do not know if Sajid Javid will be Chancellor after the election or even if there will be a Conservative majority and Government. It is, however, hard to imagine that whichever party wins the election that they will have the time or capacity to do anything with the Local Government Settlement that is very different from current proposals. The risk however remains.
- 2.5. The other important part of the backdrop is of course the pressure services are experiencing this financial year. Adult and Children's services are experiencing significant price and volume pressures with current levels of overspending at £6.7 millions and £6.6 millions respectively. The Dedicated Schools Grant SEND High Needs Block continues to overspend by almost £19 millions and although consultation on the latest Grant guidance makes clear Council's general resources cannot be used to bridge this funding shortfall it remains a significant concern.
- 2.6. Due to the unprecedented level of uncertainty around the Provisional Settlement content, and timing, there is an increased likelihood that the Targets set out below will be amended at the Cabinet meeting in January.

3. 2020/21 Targets

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

	2019/20 Adjusted Budget *	Inflation & Pressures	Savings & additional Income	2020/21 Budget	Net change	
	£000	£000	£000	£000	£000	%
1 Adult Care & Health	236,544	21,072	(5,058)	252,558	16,014	6.8%
2 Childrens Services	135,307	10,209	(1,171)	144,345	9,038	6.7%
3 Community Health, Environment & Prosperity	38,788	1,075	(150)	39,713	925	2.4%
4 Corporate Services	34,681	2,589	(170)	37,100	2,419	7.0%
5 Cross Council Savings Strategies	(1,941)	1,691	0	(250)	1,691	-87.1%
6 Highways, Infrastructure Development & Waste	54,718	2,740	(950)	56,508	1,790	3.3%
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	498,097	39,376	(7,499)	529,974	31,877	6.4%

* Adjusted for permanent virements

3.2. The Capital Programme for 2020/21 to 2024/25 will be presented to Cabinet at the February Budget meeting.

Mary Davis
County Treasurer

Electoral Divisions: All
Cabinet Member: Councillor Stuart Barker
Local Government Act 1972: List of Background Papers
Spending Round 2019
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