

REPORT ON THE REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2020/21 - 2023/24 AND THE CAPITAL STRATEGY 2020/21 - 2024/25

Report of 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 Cabinet:

- 1) Have full regard to the responsibilities placed upon the Council in the exercise of its Public Sector Equality Duty under s149 of the Equality Act 2010 (as set out in the 'Budget 2020/21 Impact Assessment' circulated previously for the purposes of this meeting, and specific impact assessments undertaken as part of the budget's preparation) in considering the proposals and their impact, before making a decision;
- 2) Have regard to the views of the Council's Scrutiny Committees, the Devon Education Forum, the Business Community, the Voluntary Sector, and the Trades Unions and other consultees on the budget (set out elsewhere on the agenda);
- 3) Note the Final Settlement Funding of £103.197 millions;
- 4) Approve the budgets (pages 35 to 85) within the targets set;
- 5) Recommend to Council the Net budget of £530.054 millions as set out in Key Table 1 on page 8;
- 6) Recommend to Council that a 2% Adult Social Care Precept is set as set out in Key Table 2 page 9;
- 7) Recommend to Council that the Council Tax requirement be set at £423,095,396.52 as set out in Key Table 2 page 9;
- 8) Recommend to Council the precepts required from each District Council and the levels of County Council Tax for each of the eight property valuation bands consequent upon the budget as amended by adjustments in collection in the current year, as set out in Key Table 2 on page 9;
- 9) Approve that changes to existing charges be agreed by the appropriate Cabinet Member in consultation with the Treasurer; and
- 10) Approve the introduction of the new charge in Highways, as set out on page 86.
- 11) Note the Medium Term Financial Strategy 2020/21 - 2023/24 as set out on pages 87 to 100;
- 12) Note the risk assessments set out on pages 137 to 149 and in particular, the risks associated with containing costs and maintaining service provision against a background of significant budget reductions;

- 13) Take account of the risks outlined on pages 137 to 149 in determining the final service budgets, levels of reserves and Council Tax figure to be recommended to the Council;
- 14) Note the County Fund Balance and Earmarked Reserves 2020/21 as set out on pages 101 to 107;
- 15) Recommend to the Council the Capital Strategy and Programme Overview 2020/21 - 2024/25 set out on pages 18 to 33;
- 16) Recommend to the Council the Capital Programme for 2020/21 of £114.5 million and its financing as shown in Summary Table C on page 24;
- 17) Approve, for planning purposes, the indicative Capital Programmes for 2021/22, 2022/23, 2023/24 and 2024/25 shown in summary Table C on page 24. These levels will be reviewed in the light of the overall level of revenue and capital resources available to the Council for each year
- 18) Recommend to the Council that it adopts the Treasury Management Strategy 2020/21 - 2022/23 as set out on pages 109 to 125;
- 19) Recommend to the Council the Prudential Indicators for 2020/21 to 2024/2025 contained pages 109 to 125;
- 20) Recommend to the Council the Minimum Revenue Provision Strategy for 2019/20 as set out on pages 109 to 125;
- 21) Delegate to the County Treasurer the authority to effect movements between the separately agreed limits for borrowing and other long-term liabilities;

Introduction

This report covers the Revenue Budget for 2020/21, Medium Term Financial Strategy to 2023/24 and Capital Strategy 2020/21 to 2024/25. This includes an assessment of the adequacy of reserves, a range of prudential indicators concerning the financial implications of the capital programme and an assessment that identifies risks associated with the budget strategy, together with how these risks will be managed.

The budget book contains details of the County Council's revenue and capital budgets together with associated financial and operational information.

The Council's financial plans are drawn up with reference to:

- the County Council's major policies and objectives;
- the County Council's performance framework;
- demographic changes occurring within the county; and
- consultation with local residents, businesses and other stakeholders.

The final Local Government financial settlement for 2020/21 has now been announced and represents an increase on 2019/20 of 1.6%. The Final Settlement has been confirmed at £103.2 millions which is an increase of £1.7 millions on 2019/20.

2020/21 was expected to be the start of a new multi-year funding settlement that incorporated the outcome of a new Comprehensive Spending Review, Fairer Funding Review and Business Rate Changes - this unfortunately has not happened and the settlement for 2020/21 is for one year only. There is no information on what the authority's funding will be for 2021/22 and beyond.

The authority is experiencing significant demand and cost pressures within Social Care services, but the most significant concern is within the Dedicated Schools Grant (DSG) Special Educational Needs (SEND). The Government has said that local authorities cannot fund the budget deficits from General Fund resources, and they must be carried

forward and dealt with overtime within the DSG. Without Government investing significantly more in this area it is difficult to see how this will be achieved.

The Budget Book attached to this report contains:

- Revenue Budget Overview;
- Statement on the Robustness of the Budget Estimates, the Adequacy of Reserves and Affordability of the Capital Strategy;
- Capital Strategy and Programme Overview 2020/21 - 2024/25;
- Service Budgets;
- Fees & Charges
- Medium Term Financial Strategy 2020/21 - 2023/24;
- County Fund Balance and Earmarked Reserves 2020/21;
- Treasury Management Strategy 2020/21 - 2022/23 and Prudential Indicators 2020/21 - 2024/25;
- Risk Analysis of Volatile Budgets; and
- Abbreviations.

Members are asked to consider each part of this consolidated budget report.

Equality Impact and Needs Assessments

Equality Impact and Needs Assessments have been completed and were considered when the budget was set. These are available at

<https://www.devon.gov.uk/impact/budget-2020-2021/>

More Information

Contact details are provided throughout the budget book, for any general budget issues please contact Angie Sinclair, Deputy County Treasurer on 01392 380711.

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Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers

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Background Paper

Date 12th February 2020 File Ref Nil

Detailed Budget Working Papers

Cabinet Member: Councillor Stuart Barker