

**Budget 2021/22 Update
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 Provisional Settlement set out in paragraph 2 is noted;
- (ii) The increased Revenue Spending Targets for 2021/22 as set out in paragraph 3.5 are approved;

1. Introduction

- 1.1. At the December meeting of Cabinet Members set Revenue Spending Targets for 2021/22 that represented an overall increase of £28.4 millions or 5.2%. At that time the Provisional Local Government Finance Settlement had not been announced.
- 1.2. On the 17th December, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a statement to Parliament on the Provisional Local Government Finance Settlement 2021/22, the details of which are set out below.

2. Provisional Local Government Finance Settlement 2021/22

- 2.1. The 2021/22 local government finance settlement is for one year only and is based on the Spending Round 2020 (SR20).
- 2.2. The main points are set out below:
 - 2.2.1. **Council Tax** – As previously announced at Spending Round 2020, the council tax referendum limit will be 2% for local authorities with social care authorities allowed a 3% social care precept. The provisional settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5;
 - 2.2.2. **Business Rates Retention** – The business rates multiplier has been frozen for 2021/22 resulting in the three elements of the Business Rates Retention

system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remaining at 2020/21 levels;

2.2.3. **Revenue Support Grant** – Has been increased by 0.55%;

2.2.4. **Social Care Funding** – Originally announced at SR20, there has been an increase to the Social Care Support Grant of £300 millions nationally. This has been allocated based on Adult Social Care relative need (£60 millions) and the ability to raise resources through the social care precept (£240 millions). There has been no change to the Improved Better Care Fund Grant;

2.2.5. **Rural Services Delivery Grant** – There has been an increase of £4 millions nationally, from £81 millions in 2020/21, to £85 millions in 2021/22; with the methodology for distribution remaining unchanged from 2020/21;

2.2.6. **COVID-19 Funding** – In SR20, £2.2 billions of funding was announced to support local government in 2021/22, alongside support for local tax income and the spreading of deficits. Further details of this support have been provided through a consultation paper that includes provisional allocations of the £670 million Council Tax Support Grant; and

2.2.7. **Local government Funding Reform** – No papers were published relating to the Fair Funding Review or the Business Rates Reset.

2.3. The Provisional Settlement for the County Council is:

	£000
Revenue Support Grant	549
Business Rates Central Government Top Up	80,654
New Homes Bonus	2,486
Rural Services Delivery Grant	7,823
Social Care Support Grant SR20	3,149
Social Care Support Grant SR19	20,160
Improved Better Care Fund	28,270
Covid-19 Funding	14,823
Council Tax Support Grant	6,358

2.4. There are a number of Government Grants yet to be announced and these are expected in the new year along with local funding figures for Council Tax and Business Rates from the Devon Districts.

3. 2021/22 Targets

3.1. Cabinet in December approved Revenue Spending Targets that totalled just over £571 millions which represented an increase of £28.4 millions or 5.2% and included savings of £15.3 millions. Although that was only a few weeks ago much has happened. A new variant of the Coronavirus has been identified and the Country has entered another national lockdown. It is hard to imagine that a return to normal will happen quickly.

3.2. The changing circumstances has led to a review of the Targets. Some savings previously identified do not now seem feasible. Other areas need bolstering to increase the resilience of the Council. In summary the proposed changes are:

- Reduce planned savings by £3.7 millions across Adult Care & Health, Children’s Services and Highways, Infrastructure and Waste;
- Additional Investment of £302,000 in Legal Services to support Children’s Services and Risk Management to support the whole organisation; and
- Additional £3.3 millions to fund the cost of the 2.2% increase in the National Living Wage.

3.3. The proposed Budget Targets have increased by just under £7.3 millions to nearly £578.5 millions, an increase of 6.6% on the 2020/21 Budget. The table below sets out the revised Budget Targets for 2021/22

	2020/21 Adjusted Budget*	Inflation & Pressures	Savings & Additional Income	2021/22 Base Budget	Net Change	
	£000	£000	£000	£000	£000	%
Adult Care & Health	260,757	26,235	(4,557)	282,435	21,678	8.3%
Children's Services	146,869	13,787	(2,389)	158,267	11,398	7.8%
Communities, Public Health, Environment & Prosperity	39,792	1,039	(958)	39,873	81	0.2%
Corporate Services	37,566	4,436	(1,615)	40,387	2,821	7.5%
Highways, Infrastructure Development & Waste	57,827	1,804	(2,111)	57,520	(307)	(0.5%)
	542,811	47,301	(11,630)	578,482	35,671	6.6%

* Adjusted for permanent virements

Mary Davis
County Treasurer

Electoral Divisions: All
 Cabinet Member: Councillor John Hart
Local Government Act 1972: List of Background Papers
 Spending Round 2020 & Provisional Settlement 2021/22
Contact for enquiries:
 Angie Sinclair
 Tel. No. 01392 380711
 Date Published: 7th January 2021