

Item No. 10.	Classification: Open	Date: 8 December 2020	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2021-22	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Rebecca Lury, Finance and Resources	

FOREWORD - COUNCILLOR REBECCA LURY, CABINET MEMBER FOR FINANCE AND RESOURCES

This report sets out the council's draft budget proposals for 2021-22 to support delivery of our fairer futures priority outcomes in a financially sustainable way. This is the first iteration of the budget, and will be followed by an updated version at January's cabinet meeting, ahead of the Overview and Scrutiny meeting at the end of January 2021.

It should be noted that we are not publishing proposals for public health, which has a separate ring-fenced budget. This will be published when we hope to have more certainty on our budget allocation, at the January 2021 Cabinet meeting.

In July, we reported that the 2021-2022 budget planning process was dominated by huge financial uncertainties. Some of these existed prior to March 2020 - the challenges of ten years of austerity, the impact of welfare reform and the prospect of Brexit. However, since March, the impact of COVID-19 on our communities, services and finances has been acute and the route and length of recovery remains difficult for us to plot.

We continue to face additional costs through our direct interventions to support our communities; we have seen planned savings delayed or cancelled and we are experiencing significant pressures from lost income through fees and charges. Alongside this, as our residents and businesses face increased pressures this has a knock-on impact on our Borough, with reductions in tax collection in both council tax and business rates.

In addition to the major impact that the Covid-19 crisis is having on the councils' income and spending, we continue to face significant demands and pressures on our services, in particular social care, homelessness, welfare support, leisure and high needs services, where the DSG deficit is forecast to increase to £21.7m by the end of this financial year.

On 25 November, the Chancellor of the Exchequer laid out his one-year Spending Review (SR2020), in place of the Comprehensive Spending Review and three-year plan he had hoped to produce before the pandemic disrupted the economic backdrop. The Spending Review confirmed the government's broad plans for public spending in the 2021-22 fiscal year.

The announcement that local government Core Spending Power was estimated to rise by 4.5% (£2.2bn nationally) in 2021-22 was welcome. However, there was little in the way of new money from the Government with the largest part of the increase in spending power coming from council tax increases and the social care precept.

Despite central government announcing a series of financial 'sticking-plasters' in recent years, including the additional funds in the Spending Round, we still have scant information regarding sustainable funding for social care beyond 2021-22. In addition, the effective ring-fencing of elements of the funding only adds to the difficulty of delivering a unified and 'one-council' approach to the challenges our communities face and the council's vision for public services fit for 2020 and beyond.

The Chancellor also announced a pay freeze for public sector workers, excluding frontline NHS workers and those earning less than £24,000. With local government pay now amongst the lowest in the public sector, it is disappointing that the government is unable provide the funding for the pay bill, and this will inevitably exacerbate challenges in the coming years.

Alongside pay and price inflation, there are other growing pressures including increasing debt financing costs to fund the capital programme and addressing the increasing demands on our services.

We have set out in this report £13.453m of savings through a combination of efficiencies and other savings. These proposals will be consulted on with staff, affected residents and other stakeholders and partners as necessary.

Despite the Spending Round being at the more optimistic end of our planning scenarios, a budget gap of £9.518m remains. This is after applying a council tax increase of 4.99% in line with the governments funding assumption (1.99% general increase, and 3% for Adult Social Care). Unlike government, the council is legally required to set a balanced budget so officers have been asked to continue to work to explore whether any further revenue income can be prudently included in the budget and scope for any further income and savings across departments. Cabinet in January will need to consider these alongside the outcome of the Local Government Finance Settlement.

In previous years, we would have presented this report informed by the provisional local government finance settlement, which sets out the governments proposed funding levels for each authority. The delay in the Spending Review has meant that the provisional settlement is now unlikely to be announced before 17 December. The financial outlook beyond 2021-22 remains extremely uncertain and subject to many unknowns, not least the governments spending plans, Brexit, the general economic conditions and the future funding of local government.

We acknowledge that further work is needed to set out detailed plans for the period beyond 2021-22. However, for the reasons set out above, meaningful medium term financial planning remains highly speculative. Accordingly, we will update the financial forecasts when we have more certainty on future funding. In the meantime, as part of the budget setting process, we will continue to consider future service and funding risks and how these will be managed.

Notwithstanding the challenges, this administration remains determined to keep our promises, to protect and modernise our services and to continue to focus on the delivery of our Council Plan, fairer future promises and budget principles to deliver value for money and commit to spending money as if it were from our own pocket.

RECOMMENDATIONS

Recommendations for the Cabinet

That cabinet:

1. Note the outcome of the Spending Review delivered on the 25 November and that the provisional local government finance settlement is due to be published on the 17 December 2020 (paragraphs 22-24).
2. Note that the intention is to prepare a balanced one year 2021-22 budget for approval by cabinet in advance of council assembly in February 2021.
3. Note that the budget proposals for 2021-22 contained within this report include:
 - Estimated general grant resources of £153.231m, an increase of £0.914m from 2020-21;
 - Other grant income of £74.447m, including estimated additional social care grant of £2.3m and Homelessness grant of £2.0m;
 - Estimated retained business rates income of £18.961m, a decrease of £5.778m from 2020-21;
 - Estimated council tax revenues of £123.024m, including a council tax increase of 4.99% (3% adult social care precept and 1.99% general increase);
 - A forecast deficit on the collection fund in 2020-21 after Government funding of £4.5m to be recovered over three financial years commencing in 2021-22;
 - Pay provision and contractual inflation of £6.3m.
4. Note the current budget options proposed to help achieve a balanced 2021-22 budget (Appendices B to E) including:
 - Efficiency savings of £10.712m
 - Net income reduction of £1.078m
 - Savings impacting on services of £2.741m
 - Commitments and growth of £12.368m.
5. Note that, in order to ensure that the base budget is on a secure financial footing a number of commitments are proposed for 2021-22, including £4.55m for leisure services, £4m for temporary accommodation and homelessness and £3.4m for social care (Appendix E).
6. Note the updated budget gap for 2021-22 of £9.518m.

7. Officers will complete further work in light of the provisional settlement, when published, to present a fully balanced budget position for Cabinet on 19 January 2021.
8. Note the Departmental Narratives and the ongoing equality analyses of the budget proposals (Appendix A).
9. Note the ongoing discussions regarding the continuation of the London Business Rates Pool arrangement into 2021-22.
10. To instruct officers to undertake further consultation for new budget options where necessary or appropriate; and
11. Note that the report to cabinet on 19 January 2021 will be considered by overview and scrutiny committee and that any recommendations arising will be incorporated into the final report to cabinet on 2 February 2021 for recommendation to council assembly on 24 February 2021.

Recommendation for the Leader of the Council

12. To delegate to the cabinet member for finance and performance authority to determine continuation of the Pooling arrangements in 2021-22.

BACKGROUND AND PURPOSE

13. Each year, the council updates a detailed Policy and Resources Strategy covering a period that normally reflects the duration of the government's financial settlement. As part of the Policy and Resources Strategy, and in line with requirements of the Local Government Finance Act, budgets are approved by Council Assembly for the next financial year as part of Council Tax setting. Where the settlement provides provisional funding commitments for more than one year, budgets may be agreed indicatively for a longer period.
14. For many years this process has formed the pivotal component of the council's financial planning process. This strategy, and the formal approval by council assembly, sits at the heart of the council's commitment to financial planning and efficiency. Most importantly, the strategy is bound to the policies of the council and not least by the commitments in the Fairer Future council plan.
15. Between 2011-12, the first year of the major austerity cuts, and 2019-20, the council lost government funding in cash terms of more than £146m. According to government calculations, lost spending power exceeded £85m during the same period. Neither of these figures allow for the real terms impact of price and demand pressures. In addition, the council has committed to priorities that have needed to be funded through a limited number of sources. During this period the council has also looked to keep council tax as low as possible, recognising the pressure this places on all households but particularly the most vulnerable. Southwark remains the eighth lowest council tax rate in London.

16. In September 2015, the council adopted the Fairer Future Budget Principles that confirmed the framework within which the Policy and Resources Strategy is formed. In September 2016 the cabinet approved the Fairer Future Medium Term Financial Strategy (FFMTFS) and Integrated Efficiency Plan noting the relationship to the Council Plan and the new theme to be fit for the future.
17. The 2018-19 local government finance settlement confirmed that London Councils would pilot arrangement for the retention of 100% business rate growth through pooling. The pooling arrangements continued in 2019-20 and 2020-21, albeit on a less generous retention basis and with more risk passed to councils.
18. A new Council Plan for the period 2018 to 2022 was agreed by council assembly in November 2018. The Council Plan contains a range of promises and commitments that the council will work towards delivering over the coming years. A refreshed council plan was approved by council assembly on 25 November 2020.
19. Council Assembly of 21 February 2020 approved a balanced budget and council tax for 2020-21. This was a one-year budget due to the uncertainty around future funding.
20. This report provides an update on the work undertaken to both reflect the latest information on available resources, updated estimates of council tax and business rates and to consider budget savings and commitments proposed for 2021-22.

KEY ISSUES FOR CONSIDERATION

21. As set out in the July Cabinet Report, we have modelled a number of potential financial planning scenarios for the medium-term, which indicate a wide range of potential outcomes. Medium term financial risks and how these risks will be managed are being considered as part of the ongoing budget challenge process.

Spending Review November 2020

22. The 2020 Spending Round, announced on 21 November 2020, outlined the Government's spending plans for 2021-22 (one year only) for each central government department at a national level. This provides the basis for the funding assumptions within this report. Details of funding allocations at a local level will be included within the Provisional Local Government Finance Settlement, due to be published by the 17 December. The key announcements as they impact on Southwark were:
 - Core Spending Power is estimated to rise by 4.5% (£2.2bn nationally) in 2021-22.
 - A further £3bn of funding for COVID pressures was set out for 2021-22. This included £1.55bn of additional grant funding, a compensation scheme

for 75% of lost council tax and business rates and a £670m unringfenced grant aimed at supporting councils to meet the anticipated additional costs of providing Local Council Tax support in 2021-22, resulting from increased unemployment.

- Flexibility to enable local authorities to raise additional income via a 3% increase in council tax through the Social Care precept, a 3% increase would yield £3.4m.
- an assumption that councils would increase council tax in line with the proposed council tax referendum limit of two per cent, a 1.99% increase would yield £2.3m.
- An extra £300m additional grant funding for children and adults social care, Southwark's share estimated at £2.2m.
- The Public Health Grant will continue at current levels.
- The New Homes Bonus scheme would continue for one further year. The government will consult on reforms to the New Homes Bonus, with a view to implementing reform in 2022-23.
- All existing grants to support social care (Improved Better Care Fund, Winter Pressures and Social Care Grant) will continue into 2021-22; proposals for the sustainable improvement of the adult social care system would be published next year.
- Schools budgets would increase by 4.6% and additional funding for the Holiday Activities and Food programme for disadvantaged children in the Easter, Summer and Christmas holidays in 2021 was announced.
- £254 million of resource funding to support rough sleepers and those at risk of homelessness during Covid-19 including £103 million announced earlier this year for accommodation and substance misuse.
- There would be a public sector pay freeze (excluding frontline NHS workers and those earning less than £24,000), and a rise to the National Minimum Wage and National Living Wage.
- A new National Infrastructure Strategy was announced, including plans for a National Infrastructure Bank in partnership with private sector.
- The government will reform the Public Works Loan Board (PWLB) lending terms and end the use of the PWLB for investment property bought primarily for yield.
- That the proposed local government finance reforms, including business rates retention and Fairer Funding (Review of Relative Needs and Resources) would be deferred; and

- The Government will not reset business rates baselines in 2021-22. The business rates multiplier will be frozen in 2021-22, with councils fully compensated. The final report for the fundamental review of business rates will be published in the Spring.

Provisional Local Government Finance Settlement

23. The Local Government Finance Settlement is the annual determination of funding to local government from central government. The normal timetable is for the Provisional Settlement to be published in early December to allow time for a period of consultation prior to approval by the House of Commons in late January or early February each year. The publication of the Final Settlement enables local authorities to finalise their budgets and to set their council tax by the statutory deadline (by 11 March).
24. The Provisional Local Government Finance Settlement for 2021-22, which in normal circumstances should have been announced in early December, has been delayed. We anticipate the Provisional Settlement will be published on 17 December.

Updated financial remit

25. In accordance with instructions from the July 2020 cabinet, this report provides updated budget proposals for 2021-22. These proposals reduce significantly the budget gap from £26.2m in July to £10.4m. However, the remaining gap still presents a major challenge, not least in the context of the savings that the council has had to make throughout the austerity period since 2010 and the increased ring fencing of a large element of resources available for social care.
26. This report outlines all major variations from the 2020-21 budgets. It itemises changes in resources available (e.g. government grant and council tax income) and provides a high-level summary of efficiencies and improved use of resources, income generation and savings that impact on service levels. It also itemises new and emerging growth and commitments that may arise from issues such as price, demand pressures and costs arising from the delivery of council plan priorities.

27. A summary of the 2021-22 proposed budget is shown in the table below:

	2020-21 Budget £m	2021-22 Forecast £m
Settlement Funding Assessment	152.317	153.231
BRRS growth	24.739	18.961
Council tax	117.849	123.024
Collection fund surplus/(deficit)	0.612	(1.505)
Government grants	74.991	74.447
Contribution from Reserves	0	0
Total resources	369.284	368.158
Base budget brought forward	354.285	369.284
Inflationary pressures	8.486	6.300
Commitments and growth	15.223	14.468
Efficiencies, income and savings	-8.710	-12.375
Net spending	369.284	377.677
Gap (cumulative)	0	-9.519

28. Further work is being undertaken by officers to present a fully balanced 2021-22 budget for the 19 January 2021 cabinet meeting in advance of February Council Assembly.
29. Whilst the 2020 Spending Round enables us to plan a 2021-22 budget on a more informed basis, there remains a number of areas of significant uncertainty. Looking beyond 2021-22, those risks and uncertainties are even greater - including the ongoing impact of the pandemic and its impact on the economy as well as the future funding arrangements for local government - all of which contribute to making the preparation of financial plans highly complicated and speculative.
30. The Policy and Resources Strategy 2021-22 underpins the work of all council departments, ensuring financial sustainability and the best possible level of service for residents. The council remains committed to promoting efficiency as the key driver to reducing costs and minimising the impact of budget decisions on front line services.

Settlement Funding Assessment (SFA)

31. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as the Revenue Support Grant, retained business rates and business rate top up. The SFA is expected to increase in line with CPI (0.5%) amounting to £0.914m in 2021-22.

Better Care Fund (BCF)

32. The Better Care Fund was established in 2014-15, with the aim of supporting closer working between local authorities and the Clinical Commissioning Groups (CCG). The council invoices the CCG for its share of the pooled fund,

which is offset against appropriate expenditure. It is expected that the BCF will continue into 2021-22 and the NHS contribution will increase by 4.6%. Final details to be announced.

Improved Better Care Fund (IBCF)

33. The Improved Better Care Fund was originally announced as part of the 2016-17 settlement. Funding was subsequently increased in the spring of 2017 as a response to the national pressure on adult funding care crisis.
34. It has been confirmed that IBCF funding will continue in 2021-22 at 2020-21 levels. The Winter Pressures Grant was rolled in to the IBCF at the same level from 2020-21. Forecast IBCF grant in 2021-22 is £17.323m.
35. The Improved Better Care Fund (iBCF), Public Health Grant, and Troubled Families Grant will be continued, and remain cash flat, subject to confirmation at the local government finance settlement.

Social Care Support Grant

36. As part of the 2019 Spending Round the government announced an additional £1bn nationally to support local authorities in addressing the rising cost and demand pressures on social care services, children's and adults. SR 2020 announced an additional £300m for Social Care nationally. The council's Social Care grant allocation is expected to increase from £10.015m in 2020-21 to £12.146m in 2021-22.

Public Health Grant

37. The Spending Round 2020 indicated that there would be no change in the Public Health Grant for 2021-22. Southwark's allocation in 2020-21 was £27.466m. Details of how it is proposed to apply the ring-fenced Public Health grant in 2021-22 will be included within the January budget report.

New Homes Bonus (NHB)

38. New Homes Bonus (NHB) was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use, after deducting demolitions. Following a review of the funding "sharpening the incentive", the grant reduced in 2017-18. In 2018-19, the grant reduced further, as the payment reflected four years' growth (as opposed to six years).
39. It had been expected that the NHB scheme would be stopped or replaced by an alternative scheme from 2021-22. However, SR 2020 confirmed that funding for New Homes Bonus will continue in 2021-22 and that government will pay for a new year of funding (for 2021-22).

40. The total forecast NHB funding for 2021-22 is £9.6m, subject to confirmation at the local government finance settlement.

Revenue Funding from Local Taxation

Council Tax

41. The council is committed to the fairer future promise to “keep council tax low”. The Southwark element of council tax was frozen from 2008-09 until 2017-18 when financial pressures and the cumulative impact of reduced government funding meant that it was no longer sustainable to hold this position.
42. The authority has been able to maintain the eighth lowest level of council tax in London in 2020-21, despite having incurred some of the largest reductions in government grants. Throughout this period, the government applied a cap on any council tax increases. The purpose of this cap is to ensure that ‘excessive’ council increases occur only where councils have a clear mandate from local people. This level has not been exceeded by Southwark to date and the cap remains in place for 2021-22.
43. Council tax remains below the charge it would have been if CPI had been applied each year since 2010-11.
44. The Council Tax Relief Scheme continues to provide support for our financially vulnerable residents and the Council has committed to making no substantive changes to the scheme for 2021-22.

Adult Social Care precept

45. Since 2016-17 the Government has provided flexibility to local authorities to increase council tax to provide a contribution towards the significant financial pressures in social care. The Government guidance was :
- a 2% increase in the precept in 2016-17
 - a 6% increase over the three year period 2017-20. A 3% precept was applied in 2017-18 and 2018-19 and 0% in 2019-20
 - a 2% increase in 2020-21.
46. The government has now extended this flexibility for 2021-22 with a further 3% increase in the precept. This would raise an additional £3.5m in 2021-22 and future years. The social care spending plans assume this level of additional funding will be available.
47. The government’s spending power calculations assumes that all authorities with social care responsibilities will increase the precept in line with the guidance.

Southwark Element of the Council Tax

48. All London Boroughs, including Southwark, increased their council tax in 2020-

2021. This is indicative of the cumulative impact the financial stress across local authorities in London.

49. In the context of pressures on council finances, the resilience of reserves and the continued year on year reductions in spending power, council tax remains a key source of income for the council. An increase of 1.99% in council tax amounts to £2.3m income.
50. The impact of an increase in council tax of 4.99% (1.99% plus 3% Adult Social Care Precept) will mean that:
 - Residents in Band C properties and below will see a council tax bill rise of 95p per week (over 60% of residents in the borough live in Bands A-C)
 - 14,000+ of residents continuing to receive support through the local council tax relief scheme (CTRS)
 - The council tax reduction scheme will continue to ensure that eligible pensioners will continue to receive 100% relief and will see no rise in their council tax bills.

Council Tax Collection

51. As reported in the 2021-22 Council Tax Base report (also on the agenda) whilst there continues to be growth in the number of dwellings, albeit at a lower level than recent years, a 12% increase in council tax relief claimants means a lower taxbase in 2021-22 than 2020-21. The report recommends that the collection rate be maintained at 97.2% despite the challenges of income collection in the current environment and the increasing numbers of CTRS claimants.
52. The 2020-21 council tax collection fund forecast outturn position is a deficit of £7m. The Local Tax Income Guarantee Scheme will compensate billing and major precepting authorities for 75% of irrecoverable council tax and business rates losses accrued during 2020-21, as reported after year end. Any remaining deficit will be spread over three financial years commencing in 2021-22.

Business Rates Baseline

53. The government agenda is for local authorities to move towards self-sufficiency and away from dependence on central government. As a step towards this reform, in 2013-14, government changed the funding system to increase reliance on local taxation.
54. The Settlement Funding Assessment (core needs based funding allocation) is estimated to rise in line with inflation in 2021-22 from £152.317 in 2020-21 to £153.231m in 2021-22.
55. The 2021-22 budget includes a forecast assumption that the council's Business Rate Retention income will exceed the baseline funding level by £18.961m (i.e. in total the retained business rates total of £171.278m; consisting of the baseline of £152.317m and £18.961m in excess of this baseline). This represents an estimated 6% reduction compared with 2020-21.

56. The economic downturn and the increase in check, challenge, appeal cases (in particular the Covid-19 driven appeals around 'Material Change of Circumstance') add to the challenges. There is a significant risk that changes as a consequence of successful challenges and appeals will reduce business rate yield. Careful review of financial risk reserves may be required to manage this volatility.
57. The ongoing move to self-sufficient local government demonstrates the importance of Southwark's capital investment programme within the borough, either as the lead authority or with partners. Regeneration is one of the key routes to ensuring sustainable budget sources as we move closer to reliance on local taxation, either through business rates or through council tax as well as increasing opportunities across the borough for quality of life, jobs and environmental improvements.

Business Rates London Wide Pool

58. In 2018-19, London Councils entered into a pilot arrangement for the retention of business rate growth through pooling. The agreement set out the principles and method for distributing any net financial benefits generated by the pool.
59. Southwark's final share of the total net benefit of the 2018-19 pool was £10.186m, which was ring-fenced for one-off initiatives in accordance with council priorities. The following table summarises the London Devolution Reserve commitments:

Initiative	£m
Positive Futures Fund	0.750
Southwark Pioneers Fund	2.000
London Counter Fraud Hub	1.000
Brexit Risk Reserve	2.000
Health and Wellbeing Board commitment to Children & Young People's Mental Health	2.000
Libraries and Heritage Strategy	1.000
Pilot extension of gym and sports facilities into parks	150
Southwark Renters Union	100
Black Cultural Centre Feasibility Study	100
Unallocated balance	1.086
Total 2018-19 Pool Benefit	10.186

60. The Pooling arrangement continues in 2019-20 and 2020-21, albeit on less generous terms than 2018-19. The first call on any additional resources generated would be used to ensure that each borough and the GLA receives at least the same amount as it would have without entering the pool.
61. It was anticipated that the Pool would continue in 2021-22. However, given the significant risks surrounding business rate income in 2020-21 and 2021-22, this is subject to ongoing discussion and review.

Special Educational Needs and Disabilities (SEND)

62. As set out in the latest Revenue Budget Monitoring report, a cumulative deficit of £21.7 million on the DSG reserve by the 31 March 2021 is forecast. As required, the council submitted a draft Deficit Recovery Plan to the Department of Education.
63. In October 2019 the government published a consultation on 'Revised arrangements for the Dedicated Schools Grant' that stated "*at the end of 2018-19, about half of all authorities experienced an overspend, amounting to over £250m in all*". The document states, "*the Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income*".

Pay Award

64. The Government expects local authorities to apply a pay freeze to local government employees in 2021-22 and has indicated that there will be no additional funding for a pay increase in the local government finance settlement. The current budget plans assume a 1% increase in the pay bill in 2021-22. The position will continue to be monitored and a further update will be included within the report to cabinet in January, including any relevant financial implications.

Inflation

65. On 18 November 2020, the ONS announced Consumer Price Inflation (CPI) for October 2020 was 0.7% (0.5% in September 2020) and Retail Price Inflation (RPI) at 1.3% (1.1% in September 2020). A provision has been included within the budget forecast of £4.3m for contractual inflation in 2021-22.

Efficiencies and Improved Use of Resources

66. The fairer future promises contain a commitment to keep council tax low by delivering value for money across all of our services. In part, this is met through ensuring that the council is focussed on meeting the budget gap with proposed efficiency savings. The total budget proposals include efficiency savings of £10.712m (detailed in Appendix B).

Income Generation

67. As the council looks for ways to protect front line services, consideration is given to maximising the council's income generation by seeking income streams in line with council policies and priorities. The council will seek to generate additional income by reviewing fees, charges and contributions and seeking further opportunities to provide commercial services. The continuing effects of the pandemic impact on income targets and income generating opportunities. This is reflected in the budget proposals with reduced income in

respect of the leisure contract and the anticipated income from letting spare capacity at Tooley Street not realisable.

Savings Impacting on Service Delivery

68. Wherever possible, the aim is to continue to protect front line services from saving reductions. However, the extent of the government austerity measures means that after careful consideration, it is inevitable that some service reductions will be required to balance the budget. The schedules at Appendix E propose savings of £2.741m with potential to impact on service delivery.
69. Comprehensive equalities analysis of the impact of these savings will be considered before the budget is finalised.

Commitments

70. The commitments include investment of the Adult Social Care precept in adult social care, increased costs of homelessness and temporary accommodation, increased demand for Special Educational Needs and increased cost of operating leisure services in the current environment.
71. A detailed list of all commitments can be found in Appendix E. The overarching theme of these commitments is to improve preventative services and to ensure that service budgets are sustainable, particularly in the context of the reduced availability of reserves to support budget pressures.

Fees and Charges

72. Under Part 3C of the constitution, cabinet is responsible for the approval of new fees and charges and agreement of charging levels in line with the medium term resources strategy.
73. The council's Fairer Future Medium Term Financial Strategy sets out the policy to review discretionary fees and charges annually. In reviewing fees and charges, the policy is to increase them to a level that is at least equal to the most appropriate London average except where this either conflicts with council policy, or would lead to adverse revenue implications or would impact adversely on vulnerable clients. Detailed fees and charges schedules across all services will be presented to Cabinet for approval in January.

Use of Reserves and Balances

74. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund:
 - invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
 - investment in regeneration and development where spend may be subject to unpredictable market and other factors

- exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
75. For a number of years previously, the council had planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only did this help to protect council services but it has also allowed time to transition towards new ways of working, productivity improvements and efficiencies.
 76. Over the last three years there has been no use of reserves to support the budget. Over this period the Council has strengthened its reserves meaning it is well placed to manage the shock caused by Covid-19 and should ensure the Council will be able to come through this crisis. Should the council need to draw on reserves in 2021-22, work will need to be done in the following years to replenish the reserves utilised.
 77. The budget proposals for 2021-22 do not include a planned release of reserve.
 78. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget is appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets.

Planned Corporate Contingency

79. It is proposed that the planned corporate contingency of £4m be maintained to support emerging budget pressures during the year. In the current and previous years, this contingency has been essential to manage in year demand and cost pressures.

Consultation

80. High-level consultation was conducted on the three-year budget proposals for 2016-17 to 2018-19. The consultation responses received were consistent with prior years' consultations, and were used to inform the budget proposals. A substantial majority of those who responded to this consultation agreed that the council should continue to focus on being more efficient, protecting frontline services and directing resources to those most in need and this is reflected in the budget proposals.
81. Since then the council has held the 'Southwark Conversation' in 2017 in which over 3000 residents responded as well as consulting on the Council Plan 2018-2022 during 2018. Together these have shaped the key priorities for the council over the coming years.
82. In addition, consultation on the Voluntary and Community strategy was conducted to ensure that all sections of the voluntary and community sector could contribute to the development of the strategy, and a series of four open invitation listening events was held which attracted over 200 people. The listening events took place in an atmosphere of goodwill. There was also

recognition of the need to find new ways of making the most of diminishing budgetary resources. There has also been consultation on the development of the policy and policy drafts through the Health and Wellbeing Board, Children's and Adults' Board, the Forum for Equalities and Human Rights, the council's departmental commissioning network and the council/VCS Liaison Group.

Next Steps

83. The next main governance steps to establishing the 2021-22 general fund revenue budget are outlined in the table below:

Date	Meeting	Report	Purpose
19 January 2021	Cabinet	P&R strategy	Select proposed solutions for meeting the budget challenge and fees and charges
25 and 26 January 2021	Overview and Scrutiny	P&R strategy	Comment on and make recommendations in respect of the cabinet's proposed 2021-22 budget
2 February 2021	Cabinet	P&R strategy	Recommend a balanced budget for 2021-22 to Council Assembly
24 February 2021	Council Assembly	P&R strategy	Council Tax setting and approve a balanced budget for 2021-22

Community impact statement

84. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
85. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2020-21 and for previous years, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings identify potential impacts, more detailed analysis is being carried out.
86. Undertaking equality analysis helps the council to understand the potential effects that the budget proposals may have on different groups. The analysis also considers if there may be any unintended consequences and how any of these issues can be mitigated. Analysis is also undertaken to consider any crosscutting and organisation-wide impacts.
87. For many services, the budget proposals will include efficiencies that have staffing implications. As specific proposals are brought forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation,

redeployment and redundancy procedures.

88. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken. The equality analyses will be collated across the council to look for any cumulative impacts.
89. To date no cumulative impacts have been identified through the analysis. However, this process will be completed in time to be reported on in the final budget report in January 2021.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

90. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
91. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
 - Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.
92. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
93. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
94. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

REASONS FOR URGENCY

95. The council is committed to publishing budget proposals at the earliest possible opportunity to ensure they are available to the public for comments and questions. Presenting this report to cabinet on 9 December 2020 gives the opportunity for debate prior to presentation of budget figures to cabinet on 19 January 2021. Under the council's constitution, there is a requirement for the overview and scrutiny committee to review and challenge budget proposals and this is due to take place on January 2021.

REASONS FOR LATENESS

96. The report was delayed due the Spending Review announcement on November 2020 and the consequential impact on publication of the Provisional Local Government Finance settlement, which was due to be announced in early December 2020. The Government is unlikely to publish the Provisional Settlement before 17 December 2020.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources Strategy: 2021-22 Updated Financial Remit	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s89891/Report%20Financial%20Remit%202021-22%20and%20scene%20setting.pdf		
Council's Fairer Future Budget Principles approved by cabinet (September 2015).	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		

APPENDICES

No:	Title
Appendix A	Departmental Narratives
Appendix B	Proposed Efficiencies and Improved Use of Resources
Appendix C	Proposed Income Generation
Appendix D	Proposed Savings Impacting on Service Delivery
Appendix E	Proposed Commitments

AUDIT TRAIL

Cabinet member	Councillor Rebecca Lury, Finance and Resources	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	7 December 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		7 December 2020

CHIEF EXECUTIVE

Overview

- B.1. The Chief Executive's department comprises the Chief Executive's Office, External Affairs Team, Regeneration and Planning,
- B.2. The Chief Exec's Office supports the Chief Executive and chief officer leadership team in translating political vision into projects and programmes across the council as well as supporting effective scrutiny function and management of the opposition office. The division also includes the emergency planning and resilience team, therefore creating a direct line between the Chief Executive as the council's most senior responsible officer and the team.
- B.3. The External Affairs division comprises policy and public affairs, media, marketing and cabinet support. As well as this, we manage internal communications for the council and the administration's political assistant. Our services are responsible for managing and enhancing the standing of the council through the development of external and internal communications, public affairs, policy projects and initiatives.
- B.4. The department also brings together planners, regeneration and colleagues across the council dedicated to shaping place to improve economic prosperity.
- B.5. The department leads on the council's delivery of regeneration and building strong local communities, bringing about thousands of new homes, jobs and opportunities across the borough and making our neighbourhoods places in which people are proud to live and work

Efficiencies and Improved Use of Resources

- B.6. The department is proposing total efficiency savings of £529k. These include the savings from the review of current staffing structure across the Regeneration and Planning directorates together with savings proposed on professional fees on major regeneration schemes.

Income Generation

- B.7. The department is also proposing additional income generation of £941k from a number of areas. Some of the additional income relates to the estimated increase in planning fee income together with additional income expected from post approval Planning Performance Agreements against strategic developments across the borough.
- B.8. Increases in commercial rent income in line with rental agreements with current and new tenants are also proposed as part of the overall income generation proposal.

Savings impacting on Service Delivery

- B.9. Savings of £111k are proposed from the reorganisation of employment support commissioning funding and a reduction in the youth employment budget.

Commitments

- B.10. Commitment of £250k is proposed to meet the shortfall on Land Charges income budget resulting from the transfer of Land Charges registers to the HM Land Registry and also due to the significant reduction in income from local land charge searches.

Equalities Analysis

- B.11. As specific proposals are brought forward the impacts on residents and staff will be assessed for equalities impact, although an initial equalities impact assessment has not highlighted any areas of concern. Any proposals affecting staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. It is expected that all staffing savings proposed for 2021-22 can be managed through natural turnover of staff.

CHILDREN'S AND ADULTS' SERVICES

Overview

- B.12.Children's and Adults' Services represents approximately two thirds of the council's budget. The department provides a wide range of services, including social care and education, to all sections of the population in Southwark.
- B.13.The budget proposals for 2021-22 include a range of modest efficiencies that largely achieve reductions in expenditure through the continuation and improvement of tried-and-tested approaches. These efficiencies, which are both safe and fair, are necessary to contain inflationary cost pressures, which include increases in the London Living Wage. Proposals also include plans not to re-open the Fred Francis day centre, which has been closed since the beginning of the pandemic, however there remains other day care provision within the borough. These are difficult decisions to make but are consistent with the Council's vision of a fairer future for all.
- B.14.The sector has struggled in recent years with the combined effects of austerity, demand pressures and continued funding uncertainty. The impact of this is seen nation-wide, both in the number of councils reporting major social care overspends and in the number of providers going bankrupt or handing back contracts.
- B.15.For several years now, the Council, in partnership with NHS and voluntary sector colleagues, has risen to these challenges and continues to provide a safe social care service with good outcomes within budget. The department is once again forecasting a breakeven social care position for 2020-21 (after application of Covid 19 funding from MHCLG). However, central government policy changes on Special Educational Needs and Disability have caused a significant and growing deficit for the ring-fenced Dedicated Schools Grant (DSG) and we are seeing increasing numbers of schools falling into financial difficulty.
- B.16.The Council continues to work with the Schools Forum to tackle the growing deficit on the DSG, however the pandemic has delayed a number of workstreams and the year-end position is likely to exceed £21m. The Government has now instructed councils to ringfence DSG deficits in a separate adjustment account outside of the general fund, in an effort to prevent a situation arising whereby DSG overspends overwhelm available reserves, however this merely delays resolution of the underlying issue – chronic underfunding.

Equalities Analysis

- B.17.Initial equalities analysis has been undertaken for each proposal. Consultations have been and will be undertaken for proposals relating to service changes where appropriate. Impact is mitigated by alternative offers of services, support or personal budgets as per service user choice in line with Care Act eligibility

and national legislative thresholds and government guidance; other services are discretionary and universal.

- B.18. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. The equality analysis is under way and will be collated to look for any cumulative impacts. In line with the process across the council, information on equality analysis will be shared with decision-makers for consideration before any decisions are taken.
- B.19. Southwark Council's Fairer Future Promises are reflected in the proposals set forth as is a shift upstream to prevention and early help, recognising the evidence base and the outcomes that can be achieved by offering our residents good universal services.

HOUSING AND MODERNISATION (H&M)

Overview

- B.20. The department comprises a diverse range of services funded from both the general fund and the ring-fenced housing revenue account (HRA) for landlord services. In delivering the council's Fairer Future Promises, the department aims to maximise investment in its housing stock, build new council homes at council rents, deliver consistently high quality services and continue to support the most vulnerable residents, particularly those in need of temporary housing.
- B.21. A high proportion of the housing general fund budget is either demand driven or of a fixed contractual nature, for example, temporary accommodation and the customer contact centre, which leaves relatively little scope to make any meaningful savings towards meeting the budget gap without having a detrimental impact on services. For 2021-22 savings of £1.861m are achievable, which includes a windfall Freedom Pass contribution reduction of £1.294m.
- B.22. Conversely, commitments total £4.364m, predominantly to meet homelessness demand (£4m), address capacity shortfalls within the housing solutions service (£245k) and other contract pressures within the mortuary service (£70k) and organisation transformation (£49k) for the council-wide 'My Learning Source' (MLS). The net budget position for 2021-22 is a net commitment of £3.253m. Further information on the budget proposals are outlined below.

Asset Management

- B.23. Services comprise aids and adaptations, handypersons and private sector housing renewal and empty homes. Savings have previously been achieved through the rationalisation of management across these functions without impacting on service delivery. Following a review, resources are moving to the HRA in support of the new homes programme, with a consequent saving of £58k to the general fund.

Central Services

- B.24. Budgets held within this activity are of a department-wide nature including corporate recharges and costs that are not specifically attributable to a particular service, for example, financing and depreciation charges. Other budgets are held centrally as contingency against irregular or exceptional events and as part of this budget round, a review has identified some modest reduction in the legal services budget of £109k, which has no direct service impact. Should the need for one-off legal services arise in future the cost will be met from existing resources or reserves where necessary.

Resident Services

- B.25. Services comprise travellers' sites and supported housing management, which has shared funding arrangements with the HRA. Significant reconfiguration and

improvement works to improve health and safety and fire protection measures at sites have been undertaken. The council has been successful in securing grant funding of £1.7m from the Greater London Authority (GLA) towards these works and is in preliminary discussions around a further grant bid towards a hostels improvement programme. Residual savings of £25k arising from the closure of the temporary site at Devonshire Grove means a small saving can be achieved for 2021-22 without any detrimental service impact.

Modernisation

- B.26. The modernisation division incorporates information technology and digital services (ITDS), facilities management (FM) and organisation transformation (OT). These services are of a corporate nature and underpin the council's modernising agenda.
- B.27. As part of budget setting for the current year, negotiations were advanced for the Clinical Commissioning Group (CCG) to relocate over a hundred more employees to Tooley Street, generating a substantially higher contribution to the council's costs. However, with the advent of Covid-19 the CCG has withdrawn its proposals; the council has no control over this development and as such it requires the reversal of the £750k rental income assumption made previously.
- B.28. Facilities management are responsible for ensuring the council's operational estate is both compliant with health and safety regulations and fit for purpose for staff and service users. Commitments approved in previous rounds have addressed inherent budget pressures/anomalies and stabilised the budget position, but there is no scope for savings other than the year 2 saving of £55k arising from the investment in LED lighting at Tooley Street, which also contributes to the council's carbon reduction commitment. Further LED and other carbon reduction measures are being developed across the council's operational estate.
- B.29. The service is currently undertaking a procurement to secure hard and soft facilities management (FM) services under separate contracts, alongside in-house cleaning services at the council's main administrative hubs at Tooley Street and Queens Road. The timeframe for the procurement will necessitate agreeing an extension to the current contract arrangements and due to the complexity and uncertainty of the outcome of the procurement, it is not possible to determine the impact on the current FM budget at this juncture. Realistically any budget proposals are more likely to impact in 2022-23.
- B.30. The council is currently engaged on a major IT improvement programme involving migrating its data centre and computing environment to the cloud and implementing a revised target operating model (TOM) in both the shared service and the retained Southwark IT team. This is necessary to ensure the council's IT infrastructure and systems are modern, stable, resilient and above all secure, together with delivering initial savings of £207k in 2021-22. In response to the Covid-19 pandemic, the SMART working programme has driven an accelerated transformation to the way the council works, enabling the council's staff to

maintain services through working remotely. Next year will see this programme subsumed into the TOM.

Customer Experience

B.31. The division is responsible for a diverse range of functions including the customer service centre (CSC), customer resolution, Freedom Pass (concessionary travel), registrars and citizenship, coroners and mortuary services and housing solutions/temporary accommodation.

B.32. For 2021-22 there is a windfall saving of £1.294m arising on the Freedom Pass travel scheme as the council's contribution to Transport for London (TFL) will be lower following changes in the age eligibility threshold during the current year, but more notably, the impact of coronavirus on projected usage over a three year planning horizon. London Council's currently estimate there will be a further cost reduction in 2022-23 followed by an increase in 2023-24 (tbc). In addition, some service rationalisation within the contact centre and the 'My Southwark Service Point (MSSP) totalling £113k will also deliver some modest savings across both the general and the HRA.

Temporary Accommodation (TA) and Housing Solutions

B.33. Southwark is recognised nationally as a leading authority on homeless prevention but the cost of TA remains one of the council's most intractable budget pressures. This is driven by a growing national homelessness crisis, unaffordable private sector rented accommodation and government restrictions on Local Housing Allowance (LHA) rates meaning welfare benefits no longer cover the cost of private rented accommodation. Moreover, Covid-19 has had a very significant impact in budget terms.

B.34. Whilst the council's decisive and rapid response to homing the borough's rough sleepers and those in shared accommodation is to be applauded, it has come at a very high cost and is a major concern going forward given the continued uncertainty. The ending of restrictions prohibiting evictions is also likely to lead to a spike in demand which will further impact the position. Whilst some government funds have been forthcoming, it is not sufficient to cover the full cost incurred. Looking forward, as the worst effects of the pandemic hopefully subside and linked to some potential changes in the council's discharge policy, there is an expectation that the budget position will gradually improve. Notwithstanding, there remains an overwhelming need to rebase the TA budget to a more sustainable level with a commitment of £4m for 2021-22.

Equalities Assessment Summary

B.35. The department undertakes equality analysis/screening on its budget proposals ahead of final decisions being taken. This helps to understand the potential effects that the budget proposals may have on different groups and whether there may be unintended consequences and how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and organisation-wide

impacts and continues through the cycle of planning and implementation of these proposals

- B.36. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken. To date no cumulative impacts have been identified through the analysis.

ENVIRONMENT AND LEISURE

Overview

B.37. The Environment and Leisure department delivers services that make a real difference to the everyday lives of all residents and visitors. The department is focused on providing high quality services to the borough's residents and shaping those services to support the wellbeing of our residents and support the objectives of other parts of the Council.

B.38. The department aims to make Southwark's neighbourhoods great places to live, places that are clean, safe and vibrant and where activities and opportunities are accessible to all. As well as our front-line environmental services we are proud to work with partners to improve health and wellbeing for all our residents through a rich leisure and cultural programme.

B.39. Many of the operational activities of the department are frontline services for the benefit of all residents: they physically improve the environment; they provide opportunities for health and enjoyment, support knowledge and learning or help improve safety and confidence. The department comprises four directorates, Environment, Leisure, Communities and Public Health.

B.40. The 2020-21 net general budgets for the department is £83.5m.

B.41. For the forthcoming year, 2021-22, the department has identified a number of savings options amounting to £2.475m:

○ Efficiencies and Improved Use of Resources	£1.560m
○ Income Generation	£650k
○ Savings impacting on service delivery	£265k

Efficiencies and Improved Use of Resources

B.42. Some of the efficiency savings proposals include savings on the waste management contract, cleaning service, fleet service and savings on contract management costs. Revenue savings in salary costs are proposed through capitalising the cost of staff engaged on capital projects. Continued resolution of no recourse to public fund cases are also expected to generate further efficiency savings. Efficiency savings are also proposed across the arts, heritage and events areas.

Income Generation

B.43. The department is expecting to generate additional income by development of a commercial provision and supervision of Construction Management Plans and also extending the commercial waste service. Additional income from cemeteries and crematorium, tennis courts and garden waste collection are also proposed. The above proposals are offset by the loss of management fee income of £2.6m on the leisure management contract.

Savings impacting on Service Delivery

B.44. Some savings are proposed from the reorganisation of Adventure Playgrounds service and renegotiation of the grounds maintenance contract.

Commitments

B.45. Following the current Covid 19 pandemic situation, a commitment of £1.95m is proposed to fund the costs associated with the leisure management contractual negotiations and future operating arrangements. A commitment of £100k is also proposed on the Youth Review Action Plan.

Equality Analysis

B.46. As specific proposals are brought forward the impacts on residents will be assessed for equalities impact, although an initial equalities impact assessment has not highlighted any significant concern. Any proposals affecting staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.

FINANCE AND GOVERNANCE

Overview

- B.47. The Finance and Governance Department includes the Director's office, which provides strategic leadership for the department and Section 151 responsibilities; Exchequer Services, which encompasses revenues and benefits and housing rent collection, as well as the financial transaction processing teams; the Law and Democracy division responsible for electoral, constitutional and legal services and the Professional Financial Services including financial governance.
- B.48. In supporting the Fairer Future promises of the council, the department's vision is to "make a positive difference everywhere we engage" and to be "efficient and effective in all that we do". Specifically, Finance and Governance endeavours to help the council to "manage every penny as carefully as local families look after their own household budgets".
- B.49. The specific budget proposals include savings and income generation of £0.730m and commitments of £0.050m.

Efficiencies, Income generation and other savings

- B.50. Over 70% of the departments expenditure budget is staffing costs and we are continuously reviewing services to ensure they are operating efficiently and are adapting to changing demands and caseloads so as to ensure they are fit for the future. Further savings of £0.321m are proposed in 2021-22 through implementation of a digital self-service platform and greater automation of processes as well as the creation of a shared service partnership for back office services.
- B.51. Income generating proposals include increased income from enforcement contract in Exchequer Services and increased legal fees with Law and Democracy.
- B.52. Other savings within Professional Finance Services include a reduction in the number of trainees and savings on training and consultancy budgets. In Exchequer Services it is proposed to reduce the number of staff administering the Council Tax Reduction Scheme (CTRS) following the automation of the CTRS in April 2020.

Commitments

- B.53. The department is proposing commitments of £0.050m in electoral services in response to increased statutory requirements.

Equality Analysis

- B.54. As specific proposals are brought forward, and at each stage of implementation thereafter, the impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy

procedures. It is expected that the staffing budget savings proposed for 2020-21 will be managed through natural turnover of staff.

CORPORATE

Overview

B.55. The Corporate budgets include technical accounting budgets such as Minimum Revenue Provision (MRP), treasury income and costs, pension related costs and budgets which impact across the wider council. The £4m contingency budget also sits within corporate to support the wider budget risks.

Commitments

B.56. As indicated in capital monitoring and treasury management reports, the council has an underlying need to borrow in order to fund the council's capital investment programme. A commitment is included to reflect the additional debt financing costs of £2.1m in 2021-22 as a consequence of approved capital investment decisions.

B.57. Debt financing costs are forecast to increase by a further £3.0m in 2022-23 and £3.3m in 2023-24.

Equality Analysis

B.58. There are no equality analysis implications for these proposals.