

**CABINET
HELD ON 3 FEBRUARY 2021
(FROM 5.30 PM – 6.43 PM)**

PRESENT: Councillor Richard Cooper in the Chair. Councillors Mike Chambers, Phil Ireland, Stan Lumley, Tim Myatt, Andy Paraskos and Graham Swift.

Late Arrivals: None

Early Departures: None

MATTERS REFERRED TO COUNCIL

117/20 – 2021/22 DRAFT BUDGET AND 2022/23 INDICATIVE BUDGET:

(a) Overview and Scrutiny Commission Findings: In accordance with the Council's Budget and Policy Framework Procedure Rules, the Chair and Vice Chair of the Overview and Scrutiny Commission, Councillors Chris Aldred and Sam Gibbs, submitted a report detailing the comments from the Overview and Scrutiny Commission regarding the Executive's budget proposals for the 2021/22 draft budget and the 2022/23 indicative budget. The report gave details of the process undertaken by the Commission in considering the budget, which had involved an informal meeting of the Commission on 11 January to consider the focus for the subsequent formal budget scrutiny meeting on 18 January 2021 and ensure that further information was provided where required. The report set out those issues which had been considered by the Commission, the Commission was grateful to staff for their hard work during a difficult year and to finance staff to compiling a balanced budget.

The Commission endorsed the recommendations of Cabinet of 6 January 2021 in relation to the Draft Budget for 2021/22 and Indicative Budget for 2022/23, and including the Draft Housing Revenue Account Budget for 2021/22.

(b) Latest position: Further to Cabinet Minute 104/20 the Head of Finance submitted a written report on the latest position in relation to the 2021/22 draft budget and 2022/23 indicative budget. Since that meeting there had been three updates to the budget position, as detailed at paragraph 5.3 of the report:

- (i) The annual NNDR1 return to Government had now been finalised and showed a net decrease of £118k in Business Rates income for 2021/22 below the original estimate;
- (ii) Further information had been received on the Tax Income Guarantee Grant Scheme and showed a £67k increase in the Council Tax Deficit payable and a £250k increase in the Business Rates Deficit payable; and
- (iii) Following finalisation of the Capital and Investment Programme the minimum revenue provision for debt payment had been updated with a decrease in the provision in 2021/22 of £25k (delayed until 2022/23).

Overall the changes resulted in an increase in the transfer from the Budget Transition Fund in 2021/22 of £126k and an £8k decrease in the transfer from the fund in 2022/23. Appendix 2a to the report set out the total movement between the officer proposals and the changes outlined above. The table at paragraph 5.4 summarised the changes resulting in a proposed 2021/22 net budget of £21,026k and indicative 2022/23 net budget of £20,485k. The Local Government Finance Settlement for 2020/21 had not yet been finalised. The Head of Finance confirmed that the proposals put forward retained balanced budgets for 2021/22 and 2022/23.

RECOMMENDED (UNANIMOUSLY):

That (1) the Draft Budget for 2021/22 of £21,026k and Indicative Budget for 2022/23 of £20,485k, as updated for further changes, were approved and recommended to Council, together with:

- i) A Council Tax increase of £5 for a Band D property in 2021/22 and an indicative increase of £5 for a Band D property in 2022/23
- ii) The resulting Council Tax requirement of £16,055,089 in 2021/22 and £16,620,638 in 2022/23
- iii) The recommended minimum Working Balance level of £2,500k
- iv) The overall budget summary, as amended, in Appendices 1b, 2a and 2b
- v) The net reductions in existing expenditure totalling £1,146k in 2021/22 and net increases totalling £606k in 2022/23 as shown in Appendix 3
- vi) The reductions in existing income, net of new areas of income, totalling £5,382k in 2021/22 and increases totalling £7,431k in 2022/23 as shown in Appendix 4 and the fees and charges schedule as shown in Appendix 4a
- vii) The new areas of expenditure totalling £1,031k in 2021/22 and £14k in 2022/23 as shown in Appendix 5
- viii) The use of the budget transition fund of £2,498k in 2021/22 and £938k in 2022/23 in lieu of an improved position in relation to covid

(2) the proposed growth of £21k in 2021/22 be recommended for approval;

(3) it be recommended for approval that the £205k identified, from the latest review of reserves, is used to support the Council's Financial Recovery Plan in 2020/21 in response to the Covid-19 pandemic; and

(4) the report submitted by the Chair and Vice-Chair of the Overview and Scrutiny Commission arising from its scrutiny of the 2021/22 draft budget and 2022/23 indicative budget be noted.

(5.37 pm – 5.48 pm)

119/20 – CAPITAL AND INVESTMENT PROGRAMME 2021/22 TO 2025/26

AND 2020/21 QUARTER 3 MONITORING: The Head of Finance submitted a written report which sought approval for the Capital and Investment Programme for 2021/22 and Indicative Programmes from 2022/23 to 2025/26 and provided the Quarter 3 monitoring for 2020/21. The Council continued to make good progress in taking a more proactive approach to its asset management and ensuring that the return from investment was maximised. There were a number of significant reviews which would impact on the strategy in the future and these included the sport and leisure review, HCC future strategy and the Economic Growth and Commercial Property strategy.

Section 7 of the report gave details of the updated Capital and Investment Programme for Quarter 3 2020/21. Overall expenditure of £19,247k was forecast in 2021/22, a decrease of £3,783k from the previously approved programmes. In addition Section 8 outlined the Capital Programme 2021/22 to 2025/26 with expenditure totalling £37,876k forecast over the five year rolling programme, an increase of £4,324k from the approved programmes.

The Capital and Investment Strategy was funded by the Council Investment Reserve (CIR) and as at 1 April 2020 funds totalling £15,292k were available to fund the Strategy however there would be a shortfall of £56k in 2026/27. In response to COVID-19 a Financial Recovery Plan had been prepared which included a review of the Capital and Investment Programmes in order to reduce the call on the CIR and it was proposed that the 2020/21 budgeted contribution to the CIR of £3,241k in 2020/21 is reduced by £711k to £2,530k.

RECOMMENDED (UNANIMOUSLY):

That (1) the latest forecast for 2020/21 be noted and the variations to Quarter 2 be approved;

(2) the Draft Programme for 2021/22 and Indicative Programmes from 2022/23 to 2025/26 are approved, noting that future developments around the Sport and Leisure review, Harrogate Convention Centre (HCC) and Economic Growth will have an impact on the figures in this report; and

(3) the budgeted contribution to the Council Investment Reserve (CIR) in 2020/21 of £3,241k is reduced by £711k to £2,530k in order to support the Financial Recovery Plan that has been developed in response to the COVID-19 pandemic. This results from savings in the programmes funded by the CIR of £711k.

(5.53 pm – 5.56 pm)