

AGENDA ITEM 9 - 2020/21 DRAFT BUDGET AND 2021/22 INDICATIVE BUDGET:

(1) CABINET - 6 JANUARY 2021

MATTERS REFERRED TO COUNCIL FOR CONSIDERATION

104/20 – 2021/22 DRAFT BUDGET AND 2022/23 INDICATIVE BUDGET: The Head of Finance submitted a written report which sought approval of the draft budget for 2021/22 and indicative budget for 2022/23. The budget would subsequently be forwarded to the Overview and Scrutiny Commission on 18 January 2021 for consideration with any comments to be submitted to Cabinet on 3 February. The budget would be submitted to Council for ultimate approval on 10 February 2021.

The budget report was set in the context of the current Local Government funding environment as outlined in the Medium Term Financial Strategy (MTFS) approved by Council on 9 December 2020 and contained the following key information:

1. The 2021/22 budget setting context
2. 2020 Spending Review and outcomes from the provisional 2021/22 Local Government Finance Settlement
3. Reasons for changes in the Council Tax, Business Rates and other grant funding
4. Detailed proposals of changes in expenditure, income and use of the budget transition fund
5. Proposals following the Reserves Review
6. Results of the Budget Consultation
7. Commentary from the Head of Finance on the robustness of the estimates and adequacy of the Council's reserves

The Council was faced with an unprecedented financial detriment as a result of the COVID-19 pandemic. The full financial implications were not yet known and stemmed from both additional costs incurred in responding to the pandemic and irrecoverable losses in income. Further to this tax income would be impacted as business failed and more taxpayers were eligible for council tax support, and this would impact the general fund in 2021/22. The resultant economic recession was also likely to impact on the Council's finances beyond the current financial year. The Council had developed a Financial Recovery Plan to address the immediate impacts in 2020/21 and the 2021/22 draft budget would set out the continuing impacts of the pandemic and how they will be addressed in order to balance the budget. It had been assumed that finances, primarily income, would recover in 2022/23.

It was forecast that the net cost to the Council of the pandemic would be £5.9m, as set out in Appendices 3, 4 and 5. The main effect was a loss of income of £6.5 million as set out in Appendix 4, mainly relating to car parking, sport and leisure and HCC. Government support announced in December 2020 was detailed at paragraphs 19 and 42 of the report. The Income Compensation Scheme was

forecast to be worth £981k, and the COVID-19 grant which was intended to cover additional expenditure incurred by the pandemic would be worth £639k. The Government had also introduced two new grant schemes. The Lower Tiers Services Grant was to ensure that no authority received a reduction in its core spending power and was forecast to be £159k and the Local Council Tax Support Grant to compensate local councils for the expected additional cost of local Council Tax support schemes in 2021/22 would be worth £232k. In addition the Tax Income Guarantee Scheme announced earlier in the year would fund 75% of irrecoverable losses in council tax and business rates as set out at paragraphs 19, 28 and 35 and would be worth £201k in respect of council tax and £379k in respect of business rates. In total Government support for the next financial year would be just short of £2.6m, which would leave a cost of £3.3m to the Council for the pandemic. There would therefore be a requirement of £3.3m from the Budget Transition Fund to support the budget in order to deliver balanced proposals for both 2021/22 and 2022/23.

The report explained that since the 2010 Comprehensive Spending Review total local government funding in England had been reduced by approximately 50%. Since 2010, the Council's general grant allocation had reduced by £8.2m (69%). In spite of this the Council had continued to maintain its valued frontline services, which was a testament to the Council's strong record of financial management.

The provisional 2021/22 Local Government Finance Settlement was announced on 17 December 2020 and the key elements were set out at paragraph 19 of the report. Whilst Local Government had received an average increase in Core Spending Power of 4.5% it would not be enough to address the funding shortfall in many cases. In the settlement there was an increased reliance on increasing council tax, which was accompanied by relatively low increases in grant funding. The Lower Tier Services Grant would largely be funded by New Home Bonus returned surplus, breaking the principle of returning the surplus to local government.

Paragraphs 21 to 42 of the report outlined the changes in the Council's principal resources of Council Tax and Business Rates. To reach a balanced budget the Council's net expenditure on services must match the sum total of these sources of income. The Government had allowed a council tax increase limit of less than 2% or £5 at Band D, whichever was higher. This would result in an increase in the Band D rate to £250.92 in 2021/22, and the draft budget was predicated on that increase being approved.

In respect of Business rates the table at paragraph 36 summarised the income and expenditure relating to business rate transactions within the general fund for 2020/21 to 2022/23. For 2021/22 the Council had budgeted on the basis of 50% Business Rates Retention with pool arrangements. Under a separate report on the Cabinet agenda approval was given to join the Leeds City Region pool for 2021/22, subject to a further review of the pool's financial performance. The Government had committed to implementing a Fair Funding Review and reforms to the Business Rate Retention Scheme and it was assumed these would be delivered in 2022/23 and this included a very strong commitment to a full reset of business rate retention baselines. For 2022/23 the budget was based on a 75% scheme which would be matched by transfers of RSG, public health and other grants, making it fiscally neutral. It was

estimated that the Collection Fund for Business Rates would be in deficit by £13,406k by the end of 2020/21 consisting of a surplus of £579k relating to years prior to 2020/21 and a deficit of £13,985k relating to 2020/21. The 2020/21 deficit resulted from rate reliefs provided by the government to support businesses during the pandemic of £13,480k, which we could fund from compensation grants to be received in 2020/21, with a remaining deficit of £505k. The Tax Income Guarantee Scheme would compensate authorities for 75% of any irrecoverable losses in 2020/21, leaving a net deficit of £126k. These estimated figures were subject to further change given that the Business Rates estimates were not finalised until the end of January and any further amendments would be tabled at the February Cabinet meeting.

The Council had not received Revenue Support Grant since 2017/18. The table at paragraph 41 of the report summarised the change in the Council's net funding for 2021/22 and 2022/23, representing a net increase of -£103k in 2021/22 and a net decrease of £700k in 2022/23.

The Council also received a number of other significant grants including the New Homes Bonus and Benefit Admin Grant. These grants did not contribute to the Council's net funding position and were known as service level grants given that they were typically expected to meet expenditure incurred on services. There would be an estimated net increase in these grants totalling -£1,989k for 2021/22, with a net decrease of +£3,482k for 2022/23 as detailed in paragraph 42.

Paragraph 43 of the report provided detail on changes to expenditure which included unavoidable cost pressures and areas of required investment as shown in the table and for 2021/22 this represented a net increase of £606k and a net increase of £1,482k in 2022/23. Appendix 3 to the report detailed existing expenditure reductions, totalling -£1,146k in 2021/22 and increases of +£606k in 2022/23, which had been proposed by services to meet their initial resource allocations. Appendix 5 outlined new expenditure items of +£1,031k in 2021/22 and +£14k in 2022/23. These areas of budgetary growth were allowed as they were met by compensating reductions in expenditure or increases in income within the Service's overall resource allocation. Management Board had considered requests for growth items and had recommended £21,370 in 2021/22 for DMO establishment as detailed at Paragraph 43 vi).

Paragraphs 44 and 45 gave details of increases or new areas of income totalling net decreases of +£5,335k in 2021/22 and net increases of -£7,090k in 2022/23. This included income from Treasury Management and increases or new areas of income proposed by Services, full details of all items were set out at Appendix 4. Appendix 4a contained details of fees and charges where the proposed increase was less than the 2.5% increase agreed by the MTFS.

After taking into account the changes in resources, expenditure and income the table at paragraph 46 provided a budget summary, indicating projected net funding of £21,177k for 2021/22 and £20,477k for 2022/23. More detailed summaries were provided at Appendices 1a, 1b, 2a and 2b. In order to achieve a balanced budget £2,372k would be utilised from the Budget Transition Fund in 2021/22 in order to deliver a balanced budget with a further £946k of the fund being used in 2022/23.

In respect of reserves, having assessed the financial risks to the Council it was recommended that the working balance remain at £2.5m for 2021/22 and 2022/23. As part of the budget process a review of reserves was undertaken, as detailed in Appendix 6. It was proposed that £205k of that identified be used to support the Council's Financial Recovery Plan.

Paragraphs 55 to 57 described the public consultation which had taken place with residents, businesses and other key stakeholders to seek views on aligning the Council's finances with its priorities. The key findings were detailed in paragraph 56, with the full results contained in Appendix 7.

The key risk in the annual budget setting process was identified as the possibility that the Council might overspend. The Council had strong budgetary control and monitoring processes, which were regularly reviewed. These processes would provide an early warning of a potential overspend enabling corrective action to be taken. A detailed risk assessment was attached at Appendix 8. An Equalities Impact Assessment for the budget process was attached at Appendix 9.

The budget report concluded with statutory advice from the Chief Finance Officer as required by the Local Government Act 2003. The Head of Finance considered that the budget proposals presented a balanced budget for 2021/22 and indicative balanced proposals for 2022/23. The Council had well established financial processes, effective monitoring, and had received very favourable external audit reports in respect of its financial management. The Council had managed expenditure well within its overall budget in recent years; though 2020/21 had brought unprecedented challenges. The overall financial planning process remained sound. In 2020/21 the challenges presented by external factors, primarily a global pandemic had been on a scale not experienced before and the Council had to rise to the challenge to ensure a balanced budget, with considerable Government support. Whilst the Head of Finance could not guarantee that every single proposal would be achieved he considered the overall estimates to be sound and was confident the overall package was prudent and robust.

RECOMMENDED (UNANIMOUSLY):

That (1) the Draft Budget for 2021/22 and Indicative Budget for 2022/23 are approved to be recommended to Council, in particular noting:

- i) The proposed Council Tax increases for a Band D property of £5 in 2021/22 and an indicative £5 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 £2,500,000
- iv) The overall budget summaries 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 £7,413k 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 £2,372k in 2021/22 and £946k in 2022/23 in lieu of an improved position in relation to COVID;

(2) the growth proposed of £21k in 2021/22 (see paragraph 43 vi)) be approved; and

(3) 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 (see paragraphs 53 and 54).

(5.35 pm – 5.57 pm)

105/20 – **DRAFT HOUSING REVENUE ACCOUNT BUDGET 2021/22:** The Head of Housing and Property (HoHP) submitted a written report which sought approval of the draft Housing Revenue Account (HRA) budget for 2021/22. The HRA was a ring-fenced account which contained all of the income and expenditure relating to the social housing owned by the Council. The table at paragraph 5.2 showed forecast net expenditure for 2020/21 of -£1,087k and projected net expenditure for 2021/22 of £13,592k. Paragraph 5.3 explained the associated variations which included increased capital expenditure and an increase in rent income.

In presenting the report the Executive Officer Property Services reported that the COVID-19 pandemic had impacted on the HRA, through difficulties in sourcing materials and staff and contractor availability. In the current year £15m of the self-financing loan taken out in 2012 would be repaid, strengthening the position of the HRA. In 2021/22 the Council would be investing £8.8m on its housing stock through repairs and maintenance and investing in staff.

The HRA business plan was attached at Appendix A and showed income, expenditure and the HRA working balance up to year 35 of the plan, 2021/22 was year 10. It was noted that the plan showed a deficit in years 31 to 35. However, the ending of the Government's negative rent increase regime meant that the Council would be able to push that point further back and it wouldn't be a material concern for the business plan.

RECOMMENDED (UNANIMOUSLY):

That (1) the draft HRA estimates for 2021/22 are approved; and

(2) a 1.5% increase (September CPI 0.5% + 1%) in the rent charged is applied for 2021/22 in line with Government policy.

(5.57 pm – 6.04 pm)

(2) CABINET – 3 FEBRUARY 2021

117/20 - 2021/22 DRAFT BUDGET AND 2022/23 INDICATIVE BUDGET

**119/20 - CAPITAL AND INVESTMENT PROGRAMME 2021/22 TO 2025/26 AND
2020/21 MONITORING**

(Copies to follow)

(3) OVERVIEW AND SCRUTINY COMMISSION – 18 JANUARY 2021

MATTERS HOLDING THE EXECUTIVE TO ACCOUNT

60/20 – **2021/22 DRAFT BUDGET AND 2022/23 INDICATIVE BUDGET:** The Chair introduced the item explaining that Harrogate Borough Council's Overview and Scrutiny Commission had considered the budget reports at an informal meeting. Following this meeting two service budgets were identified for greater scrutiny, these were Parks and Environmental Services and Sport and Leisure. The Chair also confirmed that following the informal meeting the Commission had requested information relating to staff redeployments.

In addition to the two individual service budgets the Commission would also consider the overall 2021/22 Draft Budget and 2022/23 Indicative Budget. The Commission's overall response to this would be agreed at Minute 68/20. The Chair confirmed that Members had received the Minutes of a meeting of the Cabinet held on 6 January 2021. These were included with the online documents for the meeting. Cabinet Minutes 104/20 (2021/22 Draft Budget and 2022/23 Indicative Budget) and 105/20 (Draft Housing Revenue Account Budget 2021/22) showed Cabinet unanimously recommended Council to approve the recommendations within the draft budget reports.

The Chair introduced the Deputy Leader/Cabinet Member for Resources, Enterprise and Economic Development, Councillor Graham Swift to the meeting. Councillor Swift went on to introduce the budget on behalf of the Executive, he also introduced the Director of Corporate Affairs and the Head of Finance (HoF) to the meeting before outlining key issues for consideration.

The Commission were informed that in 2021/22 residents should not see an adverse change in the way the council delivered services, this was despite the significant effects of the COVID-19 pandemic on council finances and the budget. It was acknowledged that there were local residents and businesses in genuine need and facing hardship due to the impacts of COVID-19.

In preparing the budget there were many unknown factors, however Officers had made well-informed, reasoned assumptions, especially around the future levels of revenue generating activities. It was confirmed that the main areas of the council affected by loss of revenue were sport and leisure facilities, car parking and the Harrogate Convention Centre (HCC). The budget assumed a return to near normal levels of service in the 2022/23 financial year.

Other key areas to consider were government subsidies and the use of and future replenishment of the Budget Transition Fund. It was confirmed that, in 2021/22, £2.4 million would be taken out of this fund in order to ensure the council could continue to deliver frontline services.

It was confirmed that the budget recommended increasing Council Tax by £5 (for a Band D property). Harrogate Borough Council (HBC) received 13% of an overall Council Tax bill, with the remaining balance being contributions towards North Yorkshire County Council, as well as the police and fire services.

Councillor Swift welcomed the input of the Commission as part of the development and approval of the budget. On behalf of Members the Chair thanked the Head of Finance, the finance department and the wider teams across the council for their work in compiling the balanced budgets that were before them. The Chair requested clarification about the way forward for approval of the budget. The HoF explained that a further report would be submitted to Cabinet on the 3 February, this would include details of amendments, updates and if applicable findings from the Commission's scrutiny meeting. It would be this updated version that, if recommended for approval by Cabinet, would be presented to Council for approval at a meeting scheduled on the 10 February 2020.

(2.10 pm – 2.28 pm)

61/20 – CABINET MEMBER PORTFOLIO INDICATIVE SERVICE BUDGETS: The Chair, Councillor Chris Aldred, confirmed that following an informal meeting the Commission had identified two indicative service budgets for further scrutiny. These were Parks and Environmental Services and Sport and Leisure. However for transparency the Commission would refer to all Cabinet Member Portfolio indicative service budgets as included on the agenda and in the same order.

(2.28 pm)

61A/20 – CABINET MEMBER FOR HOUSING AND SAFER COMMUNITIES:

- Safer Communities
- Housing Revenue Account
- Housing and Property Services

Following the informal meeting of the Commission held on 11 January 2021, Members had decided not to consider these individual service budgets in detail as part of the scrutiny of the budget, they were therefore agreed.

(2.28 pm - 2.30 pm)

61B/20 – CABINET MEMBER FOR CARBON REDUCTION AND SUSTAINABILITY:

- Safer Communities (referenced at Minute 61A/20 Cabinet Member for Housing And Safer Communities)
- Place shaping and Economic Growth (referenced at Minute 61D/20 Cabinet Member for Planning)
- Parks and Environmental Services

Parks and Environmental Services was one of the two budgets to be considered in detail. This budget crossed over more than one portfolio, the Chair welcomed to the meeting the Cabinet Member for Carbon Reduction and Sustainability (CM CRS), Councillor Phil Ireland, the Cabinet Member for Environment, Waste Reduction and

Recycling (CM EWRR), Councillor Andy Paraskos and the Head of Parks and Environmental Services, Alison Wilson.

The service budget proposals were introduced by CM EWRR who reported that the pandemic had resulted in unpredictable and significant demands on the portfolio. The service had received support from staff redeployed from other services. This helped to ensure compliance with social distancing requirements, the safety of staff and residents when delivering services was a primary concern. CM EWRR explained that support from community has been exceptional since the onset of the pandemic.

It was also reported that despite the challenges in responding to the pandemic there had been successes which included the expansion of the Trade Waste service, where it was reported that there had been growth (117 new customers). There had been environmental improvements, this included using recyclable plastic for plant pots. It was also reported that apprenticeships, successful partnerships and improvements to processes were shaping the service for the future.

The Commission went on to discuss the following areas (responses and clarification were provided by those in the meeting representing the Parks and Environmental Services budget proposals):

- **Parks and open spaces operational review** – it was noted that there were a variety of waste bins across the district, collections were currently serviced by two different functional areas, Waste and Recycling and Parks and Street Cleansing. An operational review was underway that included the provision and collection of public bins, including dog waste bins. The timescale for completion was within the 2021/22 financial year and it included investigating new technologies. The review sought to rationalise the service and manage it more efficiently. Welfare of staff in terms of reducing manual handling was also a key objective.
- **Capacity of waste collection and an increasing population (especially in rural areas)** – it was noted that forecast population growth was distributed across the district, with a high proportion of housing expansion sited around urban areas. Efficiency was being improved to create capacity; some improvements had already been made with a seven-day service introduced following the street cleansing review. The Parks and Street Cleansing service was also looking to balance the seasonal demands on resources.
- **Overtime and temporary staffing budget** – it was noted that the budget report indicated reductions in existing expenditure for temporary staffing and overtime in Parks and Street Cleansing (£75k in 2021/22 and £33k in 2022/23).
- **Waste and Recycling, current service delivery/service delivery during COVID-19** – it was noted that the service continued to perform well despite significant pressures due to increased volumes of collections and social distancing requirements. Staff had been redeployed in this area to enable the service to operate in the current pandemic.

- **Recycling containers** – it was noted that there were no plans to replace the current containers. This was due to the significant cost of providing replacement containers and associated vehicles. The benefits of the current kerbside boxes/bags and method of collection were that the majority of recyclable materials were not contaminated and could therefore be recycled as a higher quality material. Recycling collected from wheelie bins was more likely to have a significantly lower value.
- **Potential horticultural apprenticeships** – it was noted that Harrogate Borough Council had an active apprenticeship scheme, however work was being undertaken to include horticultural or arboricultural qualifications and training. Historically there had been some challenges around the location of the “classroom” element for this type of course. Remote learning and/or building on established links with Harrogate College could enable varying apprenticeships to be completed, this would be beneficial to the individual, the organisation and the district as a whole.
- **Horticultural nursery sustainably resourced product purchasing** – it was noted that the service sought to purchase environmentally friendly products where possible. This included avoiding plastic products or using recyclable plastic and peat free compost.
- **Green garden waste** – it was noted that the service has exceeded targets for subscriptions in the 2020/21 year. The budget proposals included revenue growth in relation to green garden waste in both 2021/22 and 2022/23. To manage this additional capacity the service was looking at setting up a transfer station, this would maximise the work time capacity by minimising travel time. The green garden waste service operated from March to November each year. This provided the flexibility to enable mandatory training to be undertaken.

(2.30 pm - 3.27 pm)

61C/20 – **CABINET MEMBER FOR ENVIRONMENT, WASTE REDUCTION AND RECYCLING:**

- Place shaping and Economic Growth (referenced at Minute 61D/20 Cabinet Member for Planning)
- Parks and Environmental Services (referenced at Minute 61B/20 Cabinet Member for Carbon Reduction and Sustainability).

(3.27 pm - 3.28 pm)

61D/20 – **CABINET MEMBER CABINET MEMBER FOR PLANNING:**

- Place shaping and Economic Growth

Following the informal meeting of the Commission held on 11 January 2021, Members had decided not to consider this individual service budget in detail as part of the scrutiny of the budget, it was therefore agreed.

(3.28 pm)

61E/20 – CABINET MEMBER CABINET MEMBER FOR CULTURE, TOURISM AND SPORT:

- Destination Management Organisation

Following the informal meeting of the Commission held on 11 January 2021, Members had decided not to consider this individual service budget in detail as part of the scrutiny of the budget, it was therefore agreed.

- Sport and Leisure

This was one of the two budgets to be considered in detail. The Chair welcomed to the meeting the Cabinet Member for Culture, Tourism and Sport (CM CTS), Councillor Stanley Lumley. CM CTS provided an overview of the service area including a description of the challenges faced and the outlook for the future, this included the Ripon Pool project which was a new facility that was nearing completion. There were several Officers attending the meeting to represent this service budget. The Director of Economy and Transport who was in attendance introduced the officer team:

- The Managing Director of the new Local Authority Controlled Company
- The Sport and Leisure Manager
- The Business Development Manager (Sport and Leisure)

The Commission went on to discuss the following areas (responses/clarification were provided by those in the meeting representing the Sport and Leisure budget proposals):

- **Redeployment** – it was noted that there had been a significant number of successful redeployments of staff to other service areas during the pandemic. This showed that the workforce was extremely committed and flexible.
- **Turkish Baths** – it was noted that increased commercialisation at the Turkish Baths had been a council priority including investment in the facility and staff training and development. It was reported that, prior to the closure of the facility due to the pandemic, the Turkish Baths had increased turnover by 38% to £1,800,000.
- **Local Authority Controlled Company (LACC)** – it was confirmed that the LACC would be established by 1 August 2021. This would not be delayed by the progress of other projects such as Knaresborough pool or by the pandemic. The way forward was noted, this concerned establishing a leisure service operating agreement between the LACC and the council. The core ideas of the LACC were around wellness for all, rather than simply fitness. The company would seek to maximise commercial opportunities whilst also offering appropriate concessionary opportunities to ensure that services provided were available to everybody.

- **Delivering services safely** – it was noted that the health and safety of staff and visitors was the primary concern and as such operational procedures were constantly reassessed.
- **Active health** – This was a key component of future service delivery involving partnership work and referral pathways. This also included further development of the relationship of activities between leisure centres and community centres and increased integration. These considerations included individual wellness.
- **Timescale for completion Ripon Pool** – it was noted that this was a new facility that included a six lane swimming pool with leisure/fitness studios. The Commission queried whether the project would be completed on budget and on time and it was confirmed that current timescales were achievable at present. Clarification was sought around the timescales referenced within the budget reports. Confirmation was provided that the targets were for the facility to be completed/operational from October 2021. There would then follow a period of time allocated for testing, staff familiarisation and operational training. The target date for opening to the public was December 2021.
- **Knaresborough Pool** – upgrading the facility in Knaresborough was part of the capital investment programme. It was noted that the feasibility process had been completed, with the existing site identified as the preferred location.
- **Plant maintenance at Knaresborough Pool** – specialist work was required to replace a filter, this technical work was to be undertaken by a company based in Spain. It was confirmed that the council had investigated local and national specialists, with no UK options found. Overall the solution chosen represented the best value for money.

(3.28 pm – 4.10 pm)

COUNCILLOR SAM GIBBS IN THE CHAIR

61F/20 – **CABINET MEMBER FOR RESOURCES, ENTERPRISE AND ECONOMIC DEVELOPMENT:** At this point in the meeting, Councillor Sam Gibbs took the Chair as the Chair of the Commission, Councillor Chris Aldred temporarily left the meeting due a connection issue. The Scrutiny, Governance and Risk Manager confirmed the following:

This portfolio included the following service budgets:

- Place shaping and Economic Growth
- ICT
- Legal and Governance
- Finance
- Organisational Development and Improvement

Following the informal meeting of the Commission held on 11 January 2021, Members had decided not to consider these individual service budgets in detail as part of the scrutiny of the budget, they were therefore agreed.

(4.11 pm – 4.12 pm)

61G/20 – **CABINET MEMBER LEADER:** At this point in the meeting, Councillor Sam Gibbs took the Chair as the Chair of the Commission, Councillor Chris Aldred temporarily left the meeting due a connection issue. The Scrutiny, Governance and Risk Manager confirmed the following:

This portfolio included the following service budgets:

- Harrogate Convention Centre
- Destination Management Organisation
- Legal and Governance
- Finance
- Organisational Development and Improvement

Following the informal meeting of the Commission held on 11 January 2021, Members had decided not to consider these individual service budgets in detail as part of the scrutiny of the budget, they were therefore agreed.

Councillor Pat Marsh requested further details around the Mayoralty budget, including the actual spend for the 2019/20 year, and it was **agreed** that this could be provided.

(4.12 pm)

63/20 – **OVERALL CONSIDERATION OF THE 2021/22 DRAFT BUDGET AND THE 2022/23 INDICATIVE BUDGET:** Councillor Sam Gibbs welcomed the Leader to the meeting who addressed the Commission stating that it was clear that Cabinet Members were dedicated to their portfolio responsibilities. It had been a challenging year but despite this a balanced budget had been presented, he was optimistic that the district was well placed to recover quickly once the pandemic had eased. He highlighted some areas that had not been referred to as part of the scrutiny of the budget. These included:

- Freezing of fees/rates (including markets, gyms, the Turkish Baths and swimming)
- Expansion of the trade waste service
- Self-build register for strategic building sites
- Ensuring developers meet planning obligations

The Chair asked the Commission to consider its overall response to the Draft Budget for 2021/22 and Indicative Budget for 2022/23. The Chair referred to the recommendations of the Cabinet of 6 January 2021 and the Commission requested that the comments made by the Commission be considered by Cabinet and Council.

The Commission noted that in consideration of the budget some areas were unconfirmed, including business rates estimates, and therefore there may be amendments made before the final version was submitted for consideration at a meeting of the Cabinet on 3 February 2021. The Commission also wished to put on record that Officers across the Council should be thanked for their work in such a difficult year and for compiling the budget in these unprecedented circumstances.

The Commission had previously agreed the Draft Housing Revenue Account Budget 2021/22 as part of their consideration of the Cabinet Member Portfolio for Housing and Safer Communities (paragraph 5.8). The Commission endorsed the recommendations of Cabinet in respect of the Draft Budget for 2021/22 and Indicative Budget for 2022/23:

That (1) The Draft Budget for 2021/22 and Indicative Budget for 2022/23 are approved to be recommended to Council, in particular noting:

- i) The proposed Council Tax increases for a Band D property of £5 in 2021/22 and an indicative £5 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 £2,500,000
- iv) The overall budget summaries 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 £7,413k 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 £2,372k in 2021/22 and £946k in 2022/23 in lieu of an improved position in relation to covid

(2) To recommend for approval the growth proposed of £21k in 2021/22 (see paragraph 43 vi).

(3) To recommend 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 (see paragraphs 53 and 54).

(There were seven votes for the motion and four abstentions.)

Councillor Chris Aldred had returned to the meeting after the conclusion of the debate and abstained from the vote.

(4.12 pm – 4.35 pm)