Key Decision Required:	Yes	In the Forward Plan:	Yes

CABINET

18 DECEMBER 2020

REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.9 UPDATED FINANCIAL FORECAST / BUDGET 2021/22

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To enable Cabinet to consider the updated financial forecast and proposed budget position for 2021/22 for consultation with the Resources and Services Overview and Scrutiny Committee.

EXECUTIVE SUMMARY

- A 'live' 10-year forecast is maintained and reported to Members throughout the year. The most up to date position in December each year is translated into the detailed budget for the following year for consultation with the Resources and Services Overview and Scrutiny Committee.

- As part of maintaining a 'live' forecast, this report 'builds' on the last position that was presented to Cabinet on 13 November 2020.

- Despite the challenging financial and economic environment, confidence in the long term approach to the forecast remains, which is supported by the forecast risk fund. It is also worth highlighting that the managed position in terms of reserves continues to enable the Council to respond to exceptional events such as the COVID 19 crisis.

- At this stage of the budget process, there is a net deficit of **£1.647m** forecast in 2021/22**,** an improvement of **£0.128m** compared with the **£1.775m** deficit reported to Cabinet on 13 November 2020. Therefore, the forecast remains within the financial boundaries set out in the long-term plan.

- Although subject to potential changes over the remaining budget-setting period, the current forecasted deficit of **£1.647m** will be met by drawing money down from the forecast risk fund.

- At the time of finalising this report, the Local Government Finance Settlement for 2021/22 had yet to be announced. If announced in time, any changes emerging from the settlement will be reported directly at the meeting, otherwise they will be included in the figures that will be presented to Cabinet in January 2021 when it considers its final budget proposals for recommending to Full Council in February 2021. The budget includes a council tax levy increase of £5, with this level of increase expected to be confirmed as allowable as part of the finance settlement announcements. No revenue support grant has been included in the budget for 2021/22, but similarly to the late announcement last year, the Government may provide some funding again next year, especially when reflecting on the financial impact of COVID 19 on Local Authorities.

- Once the final position for 2021/22 is determined, the remaining years of the 10-year forecast will be revised, set against the budget position for 2021/22 and will be reported to Members later in the budget setting process.

RECOMMENDATION(S)

That Cabinet:

a) approves the updated Financial Forecast and proposed position for 2021/22 as set out in this report and Appendices; and

b) requests the Resources and Services Overview and Scrutiny Committee's comments on this latest financial forecast and proposed position for 2021/22.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The forecasting and budget setting process will have direct implications for the Council's ability to deliver on its objectives and priorities. At its heart, the 10-year approach to the forecast seeks to establish a sound and sustainable budget year on year through maximising income whilst limiting reductions in services provided to residents, business and visitors.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are set out in the body of the report.

Although the availability of financial resources is a key component in the delivery of services there will also need to be appropriate input of other resources such as staffing, assets and IT.

Risk

There are significant risks associated with forecasting such as cost pressures, inflation and changes to other assumptions that form part of the financial planning process. There are a number of areas that could lead to additional expenditure being incurred, such as: -

- Economic environment / instability;
- Emergence of additional cost pressures;
- Changes to the local authority funding mechanisms such as the Government's fairer funding review that is proposed;
- New legislation placing unfunded duties on the Council or reducing the level of the Council's core funding;
- Local or national emergency;
- Income is less than that budgeted for, including business rate income retained locally.

COVID 19 has introduced a number of risks to the Council's financial position, which cut across many of the specific issues highlighted above. The underlying forecast remains based on relatively conservative estimates with no optimistic bias included. Although the potential impact from COVID 19 has been reflected in the forecast position where possible, the long-term impact and the speed and scale of the wider economic recovery remains uncertain.

One of the primary risks introduced by the COVID 19 crisis is the potential impact on key income streams for the Council such as from Council Tax, Business Rates and general fees and charges. In respect of the first two items, the estimates for 2021/22 reflect the potential impact with more details set out further on in this report. In respect of the third item, it is very difficult to forecast the level of impact and how far it may continue into 2021/22. Therefore it is currently proposed to leave underlying income budgets at the same 'base levels' as 2020/21 but underwrite this specific risk by refocusing an existing reserve for this purpose. This is felt to be a pragmatic approach given any changes in 2021/22 are likely to be temporary with income expected to return to pre-COVID 19 levels in future years. Therefore 2021/22 should be seen as a transitional year, a position that will be kept under on-going review as part of in-year financial performance reports.

The specific risk to income budgets should be seen as separate from the underlying risk to the forecast, which are underwritten via the Forecast Risk Fund. As previously discussed, the Council's ability to financially underwrite the wider forecast is an important element of the 10-year plan. As with any forecast, some elements of income and expenditure will be different to that forecasted. It is fair to say that many may offset each other over the longer term. However, an update against the two important aspects to how this is being managed are as follows:

1) **£3.253m** has already been set aside within the Forecast Risk Fund to support the budget in future years. This money is available to be drawn down if the timings within the forecast differ in reality and the net position is unfavourable compared to the forecast in any one year. Based on the current position, it is proposed to draw down **£1.647m** from this reserve in 2021/22, a slightly reduced position from the **£1.775m** presented to Cabinet on 13 November 2020. Although the forecast has been significantly impacted by COVID 19, as set out in **Appendix A,** annual surplus balances are still expected to remain within this reserve over the remaining life of the forecast.

2) The forecast will remain 'live' and be responsive to changing circumstances and it will be revised on an on-going basis. If unfavourable issues arise, that cannot be mitigated via other changes within the forecast then the forecast will be adjusted and mitigating actions taken. Actions to respond will, therefore, need to be considered but can be taken over a longer time period where possible. In such circumstance, the Council may need to consider 'topping' up the funding mentioned in 1) above if required. This may impact on the ability to invest money elsewhere but will need to demonstrate that its use is sustainable in the context of the ten-year forecast.

The long-term approach to the forecast therefore provides flexibility to respond to risks such as those presented by COVID 19. For instance, the savings target has been 'relaxed' for 2021/22. However it must be highlighted that the savings targets set out in the forecast will still need to be delivered in the longer term but they need to remain flexible and react as a counterbalance to other emerging issues and it is therefore accepted that this figure may need to be revised up or down over the life of the forecast.

It is important to continue to deliver against the forecast to build confidence in the longer-term approach. This will therefore continue to need robust input from members and officers where decisions may be required in the short term or on a cash flow basis.

Another aspect to this approach is the ability to 'flex' the delivery of services rather than cut services. As would be the case with our own personal finances, if we cannot afford something this year because of a change in our income, we can potentially put it off until next year. There is a practical sense behind this approach as we could flex the delivery of a service one year but increase it again when the forecast allows.

In addition to the above, it is important to note that the Council has already prudently set aside money for other significant risks in the forecast such as **£1.758m** (NDR Resilience Reserve) and **£1.000m** (Benefits Reserve), which can be taken into account during the period of the forecast if necessary. The Council also holds **£4.000m** in uncommitted reserves, which supports its core financial position.

LEGAL

The arrangements for setting and agreeing a budget and for the setting and collection of council tax are defined in the Local Government Finance Act 1992. The previous legislation defining the arrangements for charging, collecting and pooling of Business Rates was contained within the Local Government Finance Act 1988. These have both been amended as appropriate to reflect the introduction of the Local Government Finance Act 2012.

The Local Government Finance Act 2012 provided the legislative framework for the introduction of the Rates Retention Scheme and the Localisation of Council Tax Support.

The Calculation of Council Tax Base Regulations 2012 set out arrangements for calculation of the council tax base following implementation of the Local Council Tax Support Scheme. The new arrangements mean that there are now lower tax bases for the district council, major preceptors and town and parish councils.

The Localism Act 2012 introduced legislation providing the right of veto for residents on excessive council tax increases.

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer (S151 Officer) must report to Council, as part of the budget process, on the robustness of estimates and adequacy of reserves. The proposed approach can deliver this requirement if actively managed and will be an issue that remains 'live' over the course of the forecast period and will be revisited in future reports to members as the budget develops.

In respect of special expenses that form part of the budget setting process, expenditure is classed as a Special Expense it if satisfies the requirements of the Local Government Finance Act 1992, Section 35. The only category relevant to this Council is contained within Section 35(2)(d) relating to concurrent functions with Parish and Town Councils. Under the Local Government Finance Act 1992, the Council must identify as its Special Expense, proposed expenditure on those functions which the Council performs in part of the district but which Parish or Town Councils perform elsewhere in the District. If, in the Council's view, a special expense should properly be charged over the whole of the district's area, the Council may pass an express resolution to this effect (known as a ***contrary resolution***).

In order for expenditure to be a Special Expense, there are two conditions that must be fulfilled:

1. Expenditure is estimated to be incurred by the District Council in the whole or part of its area on the provision of a function;

2. Expenditure on the provision of the same function is to be incurred by at least one parish/town council elsewhere in the district.

The proposals set out in this report are in accordance with the Council's budget and policy framework.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.
Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected /

Consultation/Public Engagement.

There are no other implications that significantly impact the financial forecast. However, the ability of the Council to appropriately address these issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver the necessary savings.

Special expenses are based on the principle of ensuring there is equality across the district in levying Council Tax to residents based on services and facilities provided by Town and Parish Councils in specific areas that are also provided by the District Council.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The long term forecast is updated on an on-going basis, which is reported to Members quarterly, with the most recent position (at the end of September 2020) being reported to Cabinet at its 13 November 2020 where it was resolved that:

In respect of the Updated Long Term Forecast, the updated forecast be agreed and the Resources and Services Overview and Scrutiny Committee be consulted on the latest position.

The Resources and Services Overview and Scrutiny Committee considered the report referred to above at its meeting on 16 November 2020, with their comments set out within a separate report elsewhere on the agenda.

UPDATED FINANCIAL FORECAST 2021/22

Appendix A sets out an updated forecast for 2021/22 that reflects changes since Cabinet considered the earlier position at its 13 November 2020 meeting. The changes required reflect a slightly improved position – a reduction of **£0.128m** in the annual forecast deficit (from **£1.775m** to **£1.647m**).

Work remains on-going as part of the continuing development of the budget, which will need to react to a number of issues such as any announcements from the Government as part of the annual local government financial settlement process. Any changes will be reported to Members as they arise throughout the remainder of the budget setting process and will be included in the final budget proposals to be considered by Cabinet in January before recommendations are made to Full Council.

The following table provides a commentary on the changes to the initial forecast set out in **Appendix A** (excludes items where there has been no significant change to the relevant line of the forecast considered by Cabinet on 13 November 2020):

Item in the Forecast	Change since forecast was considered on 13 November 2020	Comments

Underlying Funding Growth in the Budget		
Lines 4 – Growth in Business Rates / Council Tax – general property growth	Income reduced by **£0.158m**	As discussed earlier, 2021/22 will be a transitional year where the district starts to recover from the COVID 19 crisis. The property base calculations have therefore been adjusted to take into account an interim period during which collection performance returns to pre-COVID 19 levels. This adjustment (relating to council tax) is therefore likely to be a one-off adjustment in 2021/22.
Net Cost of Services and Other Adjustments		
Line 10 - Inflation – Other	Expenditure reduced by **£0.024m**	This reflects reduced contract costs where annual increases are linked to RPI – the level of inflation is currently running below those initially expected.
Line 11 – Impact of PFH WP Savings	Expenditure reduced by **£0.045m**	This reflects a change in the timing of when savings from the disposal of Weeley Council Offices are likely to start to be realised. The total annual saving of **£0.090m** was originally included within 2022/23, but this has now been allocated equally across 2021/22 and 2022/23 based on the fact that Weeley is expected to no longer be operational from the second half of next year.
Line 14 – Specific change in Use of Reserves	Increase in Use of Reserves by **£0.270m**	Please see comment under the Line 16 adjustment below.
Line 15 - On-going savings / increases in income A detailed list of items is set out in **Appendix B**	Savings achieved total **£0.213m.**	Although the savings target was 'relaxed' in 2021/22, a number of items have been identified that can be included within the forecast.
Line 16 - Unmitigated Cost Pressures A detailed list of items is set out in **Appendix C**	Costs Pressures included in the budget total **£0.516m**, an increase of **£0.266m** compared with the initial allowance of **£0.250m**	The total cost of the items identified are in excess of the 'allowance' included in the earlier forecast but are largely unavoidable. Within the items set out in **Appendix C**, there is an expected reduction in investment income. There is a direct link between this item and the one included in Line 14 above. Further comments are set out immediately below this table.

The above position excludes changes to indirect costs such as internal recharges within the General Fund and technical accounting adjustments that do not have an overall net impact on the budget. However, the full detailed budget, reflecting the above changes, will be presented to Cabinet at its January 2021 meeting.

In terms of providing further detail in respect of the point highlighted against Lines 14 and 16 within the table above, this relates to the use of an existing reserve to underwrite the specific risks to income budgets, a principle that was introduced earlier on this report within the risk section above.

As previously mentioned, one of the primary risks introduced by the COVID 19 crisis is the potential impact on key income streams. Excluding Council Tax and Business Rates, which have been reviewed separately, the other main area of income is from fees and charges.

Although many income streams have remained largely unaffected by the COVID 19 crisis to date, the remaining major area of risk relates to leisure facilities. Although it is expected that income will start to recover as we go into 2021/22 it will likely take time for income to return to pre-COVID 19 levels. The Government have also recognised this by confirming that they will continue the sales and fees and charges compensations scheme for at least the first quarter of 2021/22.

In terms of presenting a robust forecast and budget and reflecting that 2021/22 will be a transitional year, there are therefore two primary options:

1) Adjust relevant income budgets to reflect the scale and speed of the recovering period during the year.
2) Not adjust relevant income budgets but underwrite the associated risk via setting aside one-off funding.

There is an inherent challenge with option 1), which is that there is very little clarity / evidence to support the budget adjustments that would be required. Therefore the more pragmatic approach would be apply option 2) and review the actual position during the year as part of the quarterly financial performance reports, where more accurate budget adjustments can be made based on the actual experienced position.

With the above in mind, it is proposed to re-focus an existing reserve rather than set aside additional money. The relevant reserve is the Building for the Future Reserve. Over recent years, this reserve has been used to fund the Council's pension deficit payments upfront, which in turn has generated significant annual revenue savings. This upfront payment is repaid over three years, which is built into the underlying budget. The estimated balance in this reserve at the end of 2021/22 is **£1.924m,** which is therefore available to underwrite the risk to income during 2021/22.

However, as set out in **Appendix C**, one of the most significant cost pressures relates to the reduction in investment income. The net estimated reduction is **£0.270m** in 2021/22 which primarily reflects the very low interest rate environment that is forecast, which is in addition to an expected reduction in cash balances available for investment, as the Council starts to spend money to deliver against various projects and priorities. Unlike fees and charges income, there is more certainty around this adjustment given the very low interest rate environment that is expected to remain throughout 2021/22. Therefore rather than review the position as part of the financial performance reports during the year, this adjustment has been made now and included in the base budget for 2021/22 and funded by calling money down from the **£1.924m** Building from the Future Reserve highlighted above.

Following the above adjustment, **£1.654m** will remain in the Building for the Future Reserve from 1 April 2021 to underwrite the wider risk to income during the year.

The above approach will need to be reviewed as part of the long-term forecast as the subdued income from investments may have a longer-term financial impact and in terms of supporting the continuation of paying pension contributions upfront when the next pension revaluation is undertaken in 2023.

As set out in **Appendix A**, taking the above adjustments into account, there is now a forecast deficit for 2021/22 of **£1.647m,** compared with the forecasted deficit of **£1.775m** considered by Cabinet at its 13 November 2020 meeting – an overall reduction of **£0.128m**

In terms of cost pressures included within the forecast, their mitigation continues to form an important element of the long-term financial plan. As highlighted above, the cost pressures identified for inclusion in the budget largely reflect unavoidable items.

As discussed in previous financial performance / forecast reports, money has been set side to mitigate cost pressures associated with the repair and maintenance of Council assets. When they arise, they are usually significant and the approach taken aims to 'protect' the underlying revenue budget from such items. An Asset Refurbishment Reserve of **£1.269m** has therefore been established for this purpose and the use of this fund can be considered outside of the annual budget setting cycle via a separate decision making process.

As indicated above, activity is underway to deliver projects and initiatives where the funding may have been carried forward for more than one year. Any decisions required are expected to be considered outside of the annual budget setting cycle but will remain set against the principle of delivering corporate priorities, which could include the reprioritisation of existing budgets, to ensure that every pound makes a difference along with supporting long-term financial sustainability wherever possible.

The impact on the forecast from sensitivity testing and risk management reviews are reported as part of the quarterly financial performance reports throughout the year (the latest one being reported to Cabinet on 13 November 2020). It is important to highlight that, as there are no significantly adverse issues that have arisen in terms of the annual forecast risk fund surpluses since the last position was reported, the sensitivity testing has therefore not been repeated as part of this report. However, it will continue to form part of the regular reporting of the financial forecast going forward.

Within previous financial performance reports, a cost pressure associated with cliff stabilisation work along Holland-on-sea was highlighted. The cost of remedial works is expected to be in excess of **£4m.** Work remains in progress to explore options including the availability or otherwise of external funding from interested stakeholders. It is currently expected that the outcome from this work will be able to be presented to the Cabinet in January 2021 as part of the development of the budget. Alternatively, it may need to be considered as part of a separate report but would need to reflect similar timescales given the relative urgency of the remedial work required.

The budget currently excludes any adjustments that may arise from the UK's exit from the EU given the uncertainty of the financial impact. However, one of the main risks for the Council relates to its port health responsibilities. Cabinet considered an associated report at its 13 November 2020 meeting, which set out the proposed response to the increased activity at the port of Harwich once the transitional period ends. From a financial perspective, the Council will need to remain alert to potential risks, but the long-term approach to the forecast does provide some degree of flexibility to respond to potential budget pressures, which could be one-off or on-going in nature. They will also need to take account of the funding that the Government may provide to Local Authorities as part of responding to the associated risks. The Council may also to need to consider reprioritising existing budgets as an additional option to respond to any financial issues if they arise.

Local Government Finance Settlement and Government's Spending Review

Pre-COVID19, 2021/22 was potentially going to be the year that we would see the outcome from the Government's Fair Funding Review and reforms to the Business Rates system. These have now been postponed and at the present time there is uncertainty around what will happen in 2022/23 and beyond.

The Government have provided Local Authorities with various COVID funding packages during this year including the sales, fees and charges compensation scheme previously mentioned. In terms of going forward, the Government remain keen to consider funding packages set against the context of very difficult economic circumstances. How this commitment translates into the actual funding receivable remains unknown. However, it could see the continuation of the revenue support grant, which formed part of a relatively late notification from the government last year when the budget for 2020/21 was considered. No revenue support grant has been included within the budget at the present time, but if this additional funding becomes available, it could see potentially just over £400k paid to the Council if at the same scale as last year. It is hoped that an update can be provided by the time Cabinet consider the next budget report at its January 2021 meeting.

Although yet to be confirmed, it is expected that Council's will be able to increase council tax by the greater of 2% or £5. It is also expected that the New Homes Bonus will continue into 2021/22 but it is not sure if the Government will make any changes to the scheme.

As confirmed at Full Council on 24 November 2020, a policy is being developed to enable council tax discounts to be provided to young people leaving care. It is currently planned to present the policy to Full Council in February as part of the budget setting process. It is not expected to have a major impact on the overall council tax base, but it will be kept under review next year.

ADDITIONAL INFORMATION

Council Tax Levy 2021/22

Based on a proposed £5 increase, the Council Tax for a band D property would be **£177.64** in 2021/22**.** The updated property base is **48,435.6,** an increase of **43.6** over the 2020/21 figure of **48,392**

The ability to increase Council Tax by £5 remains subject to confirmation from the Government. This is expected to be confirmed within the Local Government Financial Settlement, which is expected shortly.

If such an increase is not permissible and it is necessary to revert back to an increase of 1.99%, on-going income would be reduced by **£0.076m**, which would require corresponding savings to be identified over the forecast period.

Locally Retained Business Rates

As set out within **Appendix A**, an increase in income is forecast due to an inflationary uplift and an increased rateable value / property base, albeit on a significantly reduced basis compared to prior years and earlier forecasts due to the medium term impact of COVID 19.

The Council has agreed to remain a member of the Essex Business Rates Pool in 2021/22. No income generated from being a pool member is currently included in the forecast but it is proposed to continue to treat this income on a one-off basis during the year, given it is very unlikely to continue in future years given the Government's intention to move to a 75%

business rates retention model. Given the likely medium term impact from COVID 19, the financial benefits of being in the pool may not be as advantageous as previous years, but it still provides the opportunity to generate additional funding to support the Council's overall financial position.

Fees and Charges
In a change from previous years, fees and charges are now agreed separately by the relevant Portfolio Holder.

However they continue to be reviewed within the framework of the financial forecast and therefore they will be considered against the following key principles:

- general inflationary increases where possible or lower where appropriate / justified
- amounts rounded for ease of application, which may result in a slightly above inflation increase.
- on a cost recovery basis as necessary
- reflect statutory requirements.
- increases where market conditions allow
- to meet specific priorities or service delivery aims / objectives

Any changes to income will be considered alongside the financial forecast. No changes to the budget are proposed at the present time.

Although agreed separately, a full schedule of fees and charges will be included within the final budget proposals to Full Council in February 2021.

GENERAL FUND CAPITAL PROGRAMME 2021/22

As has been the case in prior years, only 2 schemes are included automatically in the base budget on a recurring basis and these relate to the on-going cost of replacing the Council's core IT infrastructure along with disabled facilities grants. Estimates of **£0.055m** and **£0.757m** have therefore been included within the 2021/22 Capital Programme respectively, although the latter item is likely to change once confirmation of the actual level of grant support is received next year.

The investment in IT core infrastructure is funded by a direct revenue contribution, with disabled facilities grants funded by ECC.

Other items included in the Capital Programme for 2021/22 reflect the fact that existing schemes have been reprofiled across years as set out in previous financial performance reports considered by Cabinet.

Based on the above, a summary of the proposed Capital Programme for 2021/22 is as follows:

On-going Schemes	**Budget 2021/22 £**
Information and Communications Technology Core Infrastructure	55,000
Disabled Facilities Grants	757,000
Existing Schemes - Reprofiled	
Enhancement Equipment Replacement – Printing and Scanning	3,610
Total General Fund Capital Programme 2021/22	**815,610**

The full 5-year capital programme incorporating the above will be included within the final budget proposals that will be considered by Cabinet in January before being presented to Full Council in February.

SPECIAL EXPENSES 2021/22

Special expenses amounts cannot be finalised until the budget for the year has been completed and the associated technical adjustments reflected in the budget. Therefore, at this stage of the budget process it is more practical to review the principles against which the special expenses will be calculated rather than the specific amounts themselves, which are subject to change as the budget develops.

It is not proposed to make any changes to the principles behind the calculation of special expenses with the key principles remaining the same as in 2020/21 as set out below:

- A deminimus amount of **£0.025m** is applied to determine which expenses are excluded from the special expenses calculations;
- Any allocation to specific areas less than **£0.001m** is excluded for the purposes of determining special expenses.

Although subject to the final budget calculations, expenses to be allocated as special expenses are likely to remain as in 2020/21 and apply to open space and recreation area costs.

For completeness, the underlying technical background to the calculation of special expenses is set out below:

Certain expenditure referred to as 'Special Expenses' is regarded as being chargeable to only certain parts of the district. The rest of the Council's expenditure is regarded as being chargeable over the whole district and is referred to as 'General Expenses'. Local authorities have the power to pass a resolution in respect of any particular Special Expense to the effect that the amount of that expense should be charged across the whole district. This is referred to as the contrary resolution.

In exercising this power, the Council also has to consider how the burden of Special Expenses will be charged to the taxpayers of the district.

Information from parish/town councils

Each year parish councils complete a return to identify changes to the services they undertake

Consideration of Determining the Contrary Resolution

In judging whether the contrary resolution should be passed in respect of any special expenses, the following matters are relevant:

i) Whether in respect of this Council's expenditure the function is to be provided generally for the whole district or is to be restricted to a part or parts of the district?

ii) To what extent, if any, are restrictions placed on any part of the district as to the accessibility of the function?

iii) The use of the facility/activity to which the Special Expense relates.

These matters must each be considered and a view taken as to whether it would be appropriate to pass the contrary resolution in respect of some of the budgeted expenditure on Special Expenses.

In determining how the burden of special items should be charged to the taxpayer of the district, the following matters need to be considered.

i) Where is the facility situated?

ii) Who uses it?

iii) How much expenditure is to be spent in the various parts of the district?

Wherever possible the Council aims to charge the cost incurred in performing a function in a part of the district, to the taxpayers of that part. In assessing the area of benefit to which a function identified as a special expense relates, parish boundaries have been treated as the appropriate areas.

The tax base for apportioning Special Expenses to each parish and the unparished area is that used to determine the Council's overall Council Tax base.

ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT

Where relevant, figures included in the 2021/22 budget are based on the following policy statement that was agreed by Full Council on 24 November 2020.

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, the Council's policy for the calculation of MRP for 2021/22 shall be the Capital Financing Requirement Method for supported borrowing and the Asset Life (equal instalment) Method for prudential borrowing.

BACKGROUND PAPERS FOR THE DECISION

Working papers held in Accountancy

APPENDICES

Appendix A Updated Financial Forecast 2021/22
Appendix B Updated Net Savings Items 2021/22
Appendix C Updated Cost Pressure Summary 2021/22