

# 2021/22 Revenue Budget Resolution

## Conservative Recommendations to County Council

**The County Council is recommended to plan its budget framework for 2021/22 on the following basis:**

### **1. Financial Direction of Travel**

- 1.1. We plan our budgets over the medium term. This time last year we agreed a Medium Term Financial Strategy (MTFS) that achieved a balance of ambition and robustness. It was a financial strategy that could underpin the delivery of the outcomes and objectives we set out in our Council Plan.
- 1.2. Within a month of agreeing the MTFS we entered this unusual and unprecedented time. It means we have now had to reset our budget and future plans in the midst of a global pandemic which will have long term and societal impacts. We are likely to face significant pressures on our resources, the economic situation is hugely challenging and, at least partly as a direct result, we will continue to be faced with demand for services rising much more quickly than our resources. The direct and indirect impacts on the County Council as well as our partners are both unknown and highly volatile at this stage.
- 1.3. Our approach of ensuring our financial resilience and medium-term financial sustainability, has placed the Authority in a strong position to respond to the uncertainty and financial commitments created by Covid-19 and meet ambitions to invest to support recovery for the benefit of residents and communities. We are confident our approach will mean Warwickshire's communities and economy are able to recover and build back better.
- 1.4. We will remain robust, ambitious and prudent in setting both next year's budget and our MTFS, with a focus on outcomes and social value. Given that current economic uncertainties remain we will continue to look for efficiencies to drive better value for money for our taxpayers. We will invest our resources to ensure Warwickshire's communities and individuals are supported to be safe, healthy and independent and Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure.

- 1.5. We will redouble our efforts to bring inward investment and private and public sector businesses into the County for the benefit of employment and prosperity of our residents and the future of their children.
- 1.6. Our budget for 2021/22, is the first year of a 5-year rolling MTFS that will align the resources of the Authority to the objectives and ambitions set out in the Council Plan and Recovery Plan.
- 1.7. We have had to make difficult decisions and choices in developing these proposals. We have not taken decisions to address the short-term challenges we face that undermine our financial sustainability over the medium term or leave financial 'gaps' to be closed in future years. We have recognised that our plans, whilst remaining robust and ambitious also need to be flexible to handle most plausible scenarios, whilst recognising it is impossible to guarantee this.
- 1.8. To ensure the finances of the Council are robust and sustainable we will:
- Directly invest £9.1 million in our children's social care services, providing resources to meet costs arising from: the higher numbers of Looked After Children; the limited options to tackle the foster care / placement mix; and additional support for those moving from care to independent living;
  - Invest £8.2 million to protect our elderly citizens and vulnerable adults to fund additional demand and manage the cost of placements whilst continuing to make progress on our vision of greater integration between health and social care;
  - Invest £3.8 million to continue to support children and young people with disabilities placements and to ensure they can access appropriate support within their communities;
  - Invest £1.5 million in home to school transport to ensure we continue to provide services in line with our policy whilst being able to respond to the increasing demands on the service;
  - Provide £1.3 million to offset the loss of income earned on investing our cash balances given the continued low interest rates and the proposed alternative use of our cash balances limiting the potential for investment returns;
  - Invest £0.6 million to meet our cost of the health service's Agenda for Change programme on our public health contracts;
  - Invest £0.4 million to increase the capacity of our out-of-hours social care team; and
  - Invest £0.3 million in the Waste Management service to meet the increased demand as a result of housing growth.

- 1.9. We will provide £1.5 million to meet the operating cost to the Council of the Warwickshire Property and Development Company in its first year and to ensure effective governance capacity is in place to manage the financial and commercial risks. By the end of the MTFS we expect the Company to be delivering a surplus of £3.4 million a year.
- 1.10. We intend to continue and extend the approach adopted last year to investing our short-term resources to support the priorities of the Council Plan and to invest in Warwickshire's future. All will have an added focus on supporting recovery. We will merge the Place Shaping and Economic Growth Fund with the Commercial Fund to ensure greater clarity of purpose and replace the Sustaining Prevention Fund with a Preventing Vulnerability Fund to give a greater emphasis on invest-to-save investments that deliver community benefits.
- 1.11. We are determined to make the best use of the funding we have available ensuring investments are supported by robust business cases and realise benefits and help address long-term issues such as climate change. With evidence-based decision-making we are looking to make step changes towards the delivery of our service objectives whilst ensuring any allocations do not cause difficulties with sustainability over the medium term. We will continue with the rigorous prioritisation and evaluation processes before funding allocations are confirmed.
- 1.12. Our Investment Funds contain £15m revenue funding which will be topped up during the five-year period as our finances allow. The first opportunity will be alongside the 2020/21 outturn, when we have greater clarity about the costs of our Covid-19 response. These allocations are deliberately flexible and may be varied as bids emerge and are prioritised, subject to Cabinet consideration and approval.
- 1.13. We will bring forward proposals for a dedicated 'community wellbeing fund', to sit within the overall Preventing Vulnerability investment fund. This will support our outcome that communities and individuals are supported to be safe, happy and independent. A key priority for our response and recovery from the Pandemic is around local mental health support in our communities, ranging from support for children and young people to younger adults with autism and mental health needs, including those who self-harm, to services for older people with dementia. This aligns with the key priority in our Health and Wellbeing Strategy to 'help people improve their mental health and wellbeing, particularly around prevention and early intervention in communities'.
- 1.14. We will bring forward proposals, funded from our Place Shaping and Economic Growth Fund, for a 'social/community endowment fund' that will act as a catalyst for building

stronger communities by funding significant initiatives to help communities help themselves whilst delivering our outcomes for a stronger economy and better lives.

1.15. Our Investment Funds and the key projects that we expect to see come forward for approval are:

- Preventing Vulnerability Investment Fund

To pump prime up-front investment in demand management and early intervention initiatives prior to financial benefits accruing. As well as our community wellbeing fund, we expect proposals to be brought forward to support the next phase of SEND programme delivery, to promote positive mental health, to provide targeted family/parental support, to mitigate the impact of the second Covid-19 lockdown through early help and youth provision, to continue our partnership working on tackling substance misuse and homelessness across Warwickshire and to create a challenge fund for schools in deprived areas to help them deliver extra-curricular activity that will stretch and develop learners.

- Climate Change Fund

To invest in coordinating and pump priming work across the revenue and capital budget to implement the priorities flowing from the Council Plan and Recovery Plan that protect our residents and the County's environment for future generations. Initial priorities will be taking forward the eco-school's resolution agreed by this Council, a review of the Council's waste strategy and the development of business cases for further renewable energy schemes.

- Place Shaping and Economic Growth Fund

To support strategic investment in Warwickshire's economy and improving quality of life for residents and communities. Further projects we expect to be brought forward for consideration include the development of an economic recovery programme/plan for the county of Warwickshire, investment in 5G, continuing to push outcome-focussed commercial activity in specific and limited areas including the development of a Warwickshire Recovery and Investment Fund, an enhanced economic recovery programme focussed on skills and (re)-training to get back into work, particularly targeted at young people and business support programmes.

1.16. We will continue to be responsible and commit ourselves to targeting resources that will support our vision to make Warwickshire the best it can be, sustainable now and for future generations. As well as identifying where we want to invest in services, we have also focussed on identifying where services to residents can be broadly maintained albeit delivered in a more cost-effective way in the future. We expect the Chief Executive to continue to drive forward our internal organisational change programme, investing the Change Fund, to ensure there is sufficient capacity to invest in ways to be more efficient and effective in maximising outcomes from local and

national taxpayers' money, by driving savings/headcount reduction through digital, data and automation, setting financial return and pay-back periods for invest-to-save proposals and rationalising the County's estate, to meet the changing needs of our communities and the cost-effective delivery of services.

- 1.17. We will deliver £8.0 million of budget reductions in 2021/22, increasing to £48.3 million by 2026, through better procurement, improvements in efficiency, increased income and delivering reductions in demand. We all use the services the County Council provides. We also represent and will deliver value for money for the tax payers of Warwickshire.
- 1.18. We do acknowledge the need for an increase in local tax. We will use the opportunity provided by the government to levy an additional 3% council tax, phased across two years, to provide additional ring-fenced resources to fund adult social care services. We will take 1% of this additional levy in 2021/22 and propose to take the balance in 2022/23. In addition, we require an increase of 1.99% on the council tax for all other services. In total, this means a 2.99% council tax increase for 2021/22, equivalent to an increase of 86p per week for a Band D dwelling.

## **2. Adult Social Care**

- 2.1. Adult social care is our highest spending service. In December 2020 the Government announced that local authorities would be able to levy an additional 3% on top of their normal council tax increase, spread across the two years of 2021/22 and 2022/23, with this additional funding to be ring-fenced for use in adult social care.
- 2.2. We intend to take the additional 3% levy for adult social care, spread as 1% in 2021/22 and 2% in 2022/23 and will increase the resources available to deliver adult social care by at least the amount raised from the levy. The allocations we are making in 2021/22 and the indicative allocations for 2022/23 deliver on this commitment. We know that, both locally and nationally, this is a top priority for citizens, but we also recognise that taking all of the levy in the first year would be a significant additional financial burden for taxpayers in the current economic climate. We expect the Service to manage within the funding allocated in this resolution, including the additional funding provided by the Government through the Better Care Fund to meet demographic, statutory and inflationary pressures. We expect the Service to continue to work with partners to manage the extent of any emerging demand-led spending pressure, thereby reducing the level of savings needed.

- 2.3. We believe this approach provides the flexibility needed by the Service to manage its resources in the most effective way. Our focus is the transformation of adult social care pathways, the enhancement of information and advice to enable people to shape their own solutions and working with communities to build capacity to manage demand. This decision will protect Warwickshire adult services at a time of long-life expectancies.

### **3. Dedicated Schools Grant**

- 3.1. We continue to expect the cost of funding schools and relevant pupil-related services to be contained within the level of the Dedicated Schools Grant (DSG). Our policy remains that we do not intend to subsidise the DSG from our own resources. We will continue to allocate resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years.
- 3.2. We recognise that meeting our policy aspirations in relation to high needs services and support can only be achieved over the medium term; given the nationally growing demand for services and the lack of capacity in the system. We have established an ambitious and substantial transformation programme to tackle the significant pressures on the DSG budget. These substantial pressures reflect the national position.
- 3.3. The Schools Forum have agreed to transfer 0.5% (£1.824m) of DSG funding for schools to support high needs services in 2021/22 and we thank them for their support as we work together to identify solutions to help bring the high needs budget back into balance. We will continue to invest in building capacity locally, for example through the Warwickshire Academy in Exhall, and our wider transformation programme.
- 3.4. However, with the Government requiring all schools and early years services to be provided within the level of DSG allocated we recognise more still needs to be done to ensure the budget for these services is robust and sustainable. We require that a further report is brought to Cabinet, for approval, by September 2021 that sets out the next stage of our plans for how the DSG can be brought back into balance following consultation with partners across the sector, alongside an update on the benefits being delivered from the current improvement plan.
- 3.5. Whilst the next stage of the improvement plan is developed and implemented, or the Government brings forward proposals for funding DSG deficits at a national level, we will ensure the Authority's overall financial resilience is maintained. We will set aside sufficient funding in reserves to create an equal and opposite position to offset the projected deficit until a sustainable solution is in place.

## 4. Revenue Allocations

- 4.1. To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £36.969 million.
- 4.2. We will provide £10.618 million for the estimated cost of pay and price inflation in 2021/22, allocated between Services as shown in **Appendix A**. In making this allocation it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that some costs will increase above the standard rate and some below. Once the overall allocation has been agreed, a Service will have the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.
- 4.3. In addition to meeting the estimated cost of inflation we will also provide £26.351 million to meet additional spending need, of which £4.449 million is time-limited. Details of the allocations and how we expect the funding to be used are also detailed in **Appendix A** for permanent allocations and **Appendix B** for time-limited allocations.
- 4.4. Allocations for future years, as listed in Appendices A and B, are indicative at this stage. They are detailed as part of ensuring that our budget proposals are robust and sustainable over the medium term. We require the need for, and level of, all these allocations to be reviewed as part of the 2022/23 Medium Term Financial Strategy refresh.
- 4.5. We expect Services to manage all other issues in 2021/22 from within existing financial resource levels and support the planned use of £3.719 million of earmarked reserves to provide capacity to invest in service change and to allow space to effectively implement service redesign/reprioritisation.

## 5. Funding Sources

- 5.1. Over recent years we have taken the decisions necessary so we can continue to provide services to the residents and communities of Warwickshire whilst continuing to innovate and invest in ensuring our services are fit for the future. We are financially resilient and hold reserves to manage financial risk and promote financial sustainability. However, we recognise the need to control the amount of scarce resources held in reserves and refine our approach to managing reserves to maintain a proportionate, sustainable, flexible and risk-based approach.

- 5.2. Our approach to the effective use of reserves is set out in **Appendix C**. It provides for increased transparency and accountability around reserves and ensures the framework is in place to align decision-making around the use of reserves with the Council Plan. We will continue to consider the advice and recommendations of our Strategic Resources for Director (Section 151 Officer) bi-annually as part of budget setting and after closing our accounts. We will look to utilise our reserves prudently whilst also recognising that this is taxpayers' money.
- 5.3. We will provide sufficient resources to ensure the level of General Reserves is at least consistent with that stated by the Strategic Director for Resources as the minimum level of general reserves given the financial risks facing the authority. We will retain the Revenue Investment Funds set up last year to deliver our investment proposals over the period of the Medium Term Financial Strategy and will undertake a further review at the end of each financial year to identify where there is scope to release further resources to support our investment proposals.
- 5.4. Our plan for budget reductions will generate savings of £7.969 million in 2021/22 and a further £40.342 million over the period of the Medium Term Financial Strategy. Approval is given to the plans for the delivery of these savings detailed in **Appendix D**. If during 2021/22 any of the budget reductions do not materialise to the degree shown, the Assistant Director in conjunction with their Strategic Director and Portfolio Holder should identify alternative proposals to ensure the required levels of reduced spend are delivered and report this as part of quarterly monitoring.
- 5.5. We will fund the £1.438 million deficit on previous years' council tax collection and retain the provision for further losses over the next few years until the economy and house building recovers.
- 5.6. Just under a third of the Authority's spending each year is on staffing. The proposals to deliver budget reductions will require, in some areas, a reduction in the number of posts. Policies and processes are in place to enable us to effectively redeploy people. However, it has to be recognised, some redundancies may be necessary. We will retain our £7.9 million Redundancy Fund for realigning services, or more specifically to fund the up-front costs of redundancy, should this be needed. All allocations from the Fund must be made in accordance with the protocol issued by the Strategic Director for Resources.
- 5.7. Included within the roll-forward budgets are a number of other grants we receive from the Government for specific purposes. Any variations to the levels of funding received will be matched by an equivalent adjustment in the budget for the respective service.



- 5.8. We will use business rates funding of £67.695 million to support the overall budget of the County Council. We recognise that the level of income we will receive from business rates remains a material financial risk, despite the additional hardship funding provided by the Government. In the event of business rates funding being above or below this level the variation will be managed by an adjustment to the Business Rates Volatility Reserve during 2021/22.
- 5.9. We will use £6.635 million of reserves in 2021/22 to fund time-limited costs and budget allocations and to accommodate the differences in timing between spending need and the delivery of savings and/or growth in the business and council tax taxbases.
- 5.10. **The council tax will increase by 2.99%.** With the other funding resources identified, this will fund the proposals contained within this resolution.

## **6. Medium Term Financial Strategy**

- 6.1. We will continue to operate with a rolling five-year MTFs where we can demonstrate that the finances of the authority are allocated in accordance with the priorities of the organisation and that the underpinning finances remain robust and our service delivery sustainable for the benefit of the residents and businesses of Warwickshire. We have a track record of delivering savings and this has served us well as we have steered the Authority through some undoubtedly challenging financial times. Looking forward we will be operating in an environment of increased uncertainty over both funding and demand as we strive to deliver on the objectives and outcomes as set out in the Council Plan and Recovery Plan.
- 6.2. We recognise that changes to the system of local government finance and the increasing moves towards self-sufficiency means our financial planning processes will need to change as the level of income from local taxation will become increasingly variable and unpredictable. Alongside supporting residents, individuals and businesses as society and the economy recovers from the Pandemic, technological developments, changing national and international economic relationships, the opportunities for commercial investment and the long-term challenge of climate change also mean our plans need to be more flexible than ever and able to adapt to change at pace whilst retaining a focus on our longer-term goals and ambitions.
- 6.3. Our Council Plan and Covid-19 Recovery Plan set out our ambitions and our operating model provides the framework to deliver them. We ask Corporate Board to develop commissioning strategies, action plans, key business measures and performance

management requirements aligned and consistent with the available resources of the authority.

- 6.4. The indicative future spending allocations and planned reductions we have set out deliver a balanced MTFs over the period of the Council Plan through to 2026. To do this requires a 1.99% annual increase in the council tax and taking the 3% flexibility allowed through the adult social care levy, phased 1% in 2021/22 and 2% in 2022/23. We accept that without this level of increase in council tax, or if future spending needs exceeds the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable.
- 6.5. We therefore expect the focus of change to be on invest-to-save projects that will release the resources needed to invest in our ambitions. We require services to focus on the preventative agenda to manage demand downwards, so we can secure even more value for money. Investment decisions should be based on a more commercial approach, aligned with the recently approved commercial strategy. This work should drive the options for further budget reductions over the period of the MTFs.
- 6.6. We expect the MTFs to reflect on and respond to the Council's key strategic risks of:
- The heightened economic and political uncertainty due to external factors, including the continuation of the Covid-19 pandemic into 2021;
  - The pace and ability to influence post-Covid economic recovery, and the impact of new European Union trading regimes on key sectors, 'place', local businesses, employment levels and re-skilling;
  - The widening inequalities, including learning gaps, and worsening health and well-being outcomes for communities;
  - The continuing demand and cost pressures on social care services and disruption to the care markets;
  - The safeguarding of children and vulnerable adults;
  - The continuing demand pressure on special educational needs and disability provision;
  - Changing how we work, taking advantage of opportunities to innovate and make the best use of our resources;
  - The delivery of our ambitions on the declared Climate Emergency; and
  - The impact of Local Government Reform.
- 6.7. We recognise our MTFs means significant challenges for the organisation, including the changing way in which people want to access services. Our proposals recognise that this will take time and investment and a broad engagement with all those affected, both inside and outside the organisation. Our MTFs requires the use of £32.4 million of reserves, including £6.6 million in 2021/22, to fund time-limited costs and budget

allocations and to accommodate the differences in timing between spending need and the delivery of savings and/or growth in the business and council tax taxbases. The availability of this level of reserves is consistent with our Reserves Strategy, attached at Appendix C.

- 6.8. Whilst we have an excellent track record of delivering savings, we acknowledge that this needs to continue if our 2021/22 budget is to remain balanced and be sustainable over time. We ask Corporate Board to review the arrangements for the oversight of the delivery of the savings plan to ensure there is clarity about delivery and, where there are areas of concern, any necessary corrective action is put in place at the earliest opportunity.

## 7. Strategic Director for Resources: Statement

- 7.1. The following statement from the Strategic Director for Resources is noted:

*“The 2003 Local Government Act places specific responsibilities on me, as “Chief Financial Officer”, to report on the robustness of the budget and the adequacy of proposed financial reserves when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that I must also consider to prevent the Local Authority from over committing itself financially, including:*

- *the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992);*
- *the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972).*

*The uncertainties of the economic environment, the fact we are awaiting a multi-year Spending Review settlement, the scale of the expenditure reductions required and the growing demands on services, mean that there are significant risks facing the Authority in delivering a balanced budget. In fulfilling the various responsibilities placed on me as Chief Financial Officer, I have set out below, what I see as the key risks associated with the proposed budget and how they can be managed, so that Members are clear on the risks associated with these budget proposals when making their budget decision.*

### **Risk 1 – Delivery of the Planned Budget Reductions**

*The planned budget reductions need to be fully implemented to ensure the Council’s 2021/22 budget remains balanced and sustainable into the future. To mitigate this risk:*

- *Key policy changes associated with major savings proposals in 2021/22 have been identified;*

- *Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders have been charged with ensuring that processes are in place to ensure that the planned budget reductions are delivered to the required timetable;*
- *If the planned budget reductions are not delivered, Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders are required to identify alternative ways of balancing the Service and/or Directorate budgets; and*
- *Monitoring of the delivery of the planned budget reductions will be extended to include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.*

***Risk 2 – On-going Impact of the Covid-19 pandemic***

*This budget is being agreed at a time when the country remains in a national lockdown. The Council is currently in the midst of the response phase to the additional demand for services from residents and communities. The timing and potentially phased relaxation of the current restrictions is currently unknown, and this will determine how and when we can transition from response to recovery. Although we are due to receive £10.8 million Government support into 2021/22 the level of uncertainty means we do not know if this will be sufficient or, if it is not, whether additional funding from the Government will be forthcoming. There is also a lack of clarity as to the extent of any on-going support from health for the additional adult social care costs being experienced and any extension of the current levels of support for businesses and individuals, including the furlough scheme.*

*The potential additional costs and loss of income need to be managed to ensure the Council's 2021/22 budget remains balanced and sustainable into the future. To mitigate this risk:*

- *All Covid-related funding received is managed corporately, with decisions on the allocation of any resources requiring Corporate Board approval to ensure the effective use of resources;*
- *The prioritisation of investment to support recovery in the use of the revenue and capital investment funds;*
- *The creation of a taxbase volatility reserve, alongside the existing business rates appeals reserve to provide for any deficits on the collection of the council tax and business rates from the current economic downturn; and*
- *The reflection of a gradual economic recovery in projections of future resource levels in the Medium Term Financial Strategy.*

***Risk 3 – Repayment of Overspends***

*Arrangements will need to be put in place, as part of the financial outturn report to Cabinet and this budget resolution, to stabilise the financial position of those services overspending. If overspends occur in future years, services will need to deliver additional budget reductions to repay overspends as well as delivering the planned budget reductions in 2021/22. The flexibility to manage this through reserves is reduced as a result of the use of reserves proposed in this resolution.*

*However, the retention of directorate risk reserves, equivalent to 3% of their net budget, should enable services to manage any in-year overspends without impacting on service delivery.*

***Risk 4 – Dedicated Schools Grant Deficits***

*There is a financial risk to the Authority as a result of the new provisions that local authorities will not be permitted to fund any part of the DSG deficit without the authorisation of the Secretary of State, in the absence of any extra funding to resource any deficit. This has been mitigated by an equal and opposite provision in reserves to offset the projected deficit, but this does not provide a long-term solution or remove the need to identify options for bringing spending into line with the level of DSG received.*

***Risk 5 - Treasury Management***

*The level of interest receipts and return on Treasury Management activities and borrowing costs are subject to market rates. Members are advised of this risk each year and this is mitigated by application of the Council's annual Treasury Management Strategy. However, actual interest returns/costs are determined by a variety of factors largely outside the Council's control.*

*The capital programme, setting up of the Warwickshire Property Company and the support for the proposed development of a Warwickshire Recovery and Investment Fund, highlighted in this budget resolution and the accompanying capital budget resolution, will create additional financial risk for the Council from the associated treasury management and investment activity. These risks have been mitigated as far as possible through the governance arrangements that are, or will be, put in place, but the risk cannot be completely removed. Collectively the proposals will see a material increase in the Council's borrowing and, alongside the significant use of reserves proposed in the Medium Term Financial Strategy, this will increase the requirement to ensure we have sufficient liquid cash balances to manage our day-to-day activity.*

*It will mean decision-making will need to take a broader range of financial risk criteria into account than has traditionally been necessary.*

***Risk 6 – Uncertainty of the National Funding Position***

*There is uncertainty around the national funding position for local government as a result of the lack of a three-year Comprehensive Spending Review, wider economic uncertainty given the need to agree and work within new EU and international trade agreements. This means we need to have a higher level of general reserves, and may face more significant revenue pressures until the multi-year spending review which it is hoped will be received later this year.*

**Risk 7 – Local Government Funding Reform**

*The changes to the funding of local authorities, making us more dependent on the level of business rates collected locally, is likely to result in volatility to the Council's funding to a greater extent than in previous years. This places greater importance on the need to maintain reserves to manage any volatility. There is also greater uncertainty with the pending Fair Funding review of local government and how this may affect the resources available to the Council.*

**Risk 8 – Pensions**

*Given the range of possible changes to the Local Government Pension Scheme, this remains a key risk for the Council, in terms of possible costs arising from any new scheme and the financial consequences of large numbers of staff leaving the scheme.*

**Risk 9 – Impact on the Medium Term Financial Strategy**

*The Medium Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending allocations and planned reductions deliver a balanced MTFS over the period of the Council Plan with a 1.99% annual increase in the council tax in future years plus the additional 2% adult social care levy in 2022/23. Without this level of increase in council tax, or if future spending needs exceeds the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable. Given this challenge Members are advised it is important that decisions taken in agreeing the 2021/22 budget do not increase this financial risk. The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.*

*The budget information used in preparing this budget resolution has undergone extensive scrutiny by:*

- *Assistant Directors and their staff;*
- *Staff within the Finance Service; and*
- *Corporate Board.*

*In addition to this I have worked closely with members in preparing this budget resolution. In overall terms I am of the view that this revenue budget has been prepared on realistic assumptions in an uncertain environment and that as such it represents a robust, albeit challenging, budget.*

*I have also undertaken a risk analysis of the adequacy of financial reserves, taking account of the financial risks above. This highlighted the need to retain a minimum of £21.4 million in general reserves in 2021/22. This resolution makes provision for this level of reserves. I am therefore of the view that this budget does provide for an adequate level of reserves.”*

## 8. Summary of Service Estimates

8.1. Approval be given to the individual service net revenue estimates shown below, which will be finalised for the service estimates to be presented to Cabinet in March 2021 of:

|  | Base Budget<br>£   | Additional<br>Investment<br>£ | Funding<br>Sources<br>£ | Total<br>£         |
|--|--------------------|-------------------------------|-------------------------|--------------------|
| Education Services                       | 122,187,154        | 6,355,000                     | (44,000)                | 128,498,154        |
| Environment Services                     | 25,863,439         | 266,000                       | (352,000)               | 25,777,439         |
| Fire and Rescue Service                  | 21,851,946         | 436,000                       | (385,000)               | 21,902,946         |
| Strategic Commissioning - Communities    | 21,184,330         | 1,773,000                     | (95,000)                | 22,862,330         |
| Adult Social Care                        | 153,127,335        | 8,181,000                     | (1,867,000)             | 159,441,335        |
| Children and Families                    | 60,760,274         | 9,139,000                     | (1,632,000)             | 68,267,274         |
| Strategic Commissioning – People         | 33,356,498         | 1,343,000                     | (287,000)               | 34,412,498         |
| Business and Customer Services           | 18,303,246         | 120,000                       | (524,000)               | 17,899,246         |
| Commissioning Support Unit               | 6,042,401          | 128,000                       | (46,000)                | 6,124,401          |
| Enabling Services                        | 24,807,801         | 688,000                       | (1,118,000)             | 24,377,801         |
| Finance                                  | 5,379,891          | 150,000                       | (16,000)                | 5,513,891          |
| Governance and Policy                    | 1,976,785          | 0                             | (358,000)               | 1,618,785          |
| Other Services – spending                | 29,711,490         | 8,390,000                     | (1,245,000)             | 36,856,490         |
| Other Services - schools and funding     | (88,719,000)       | 0                             | (139,681,000)           | (228,400,000)      |
|  | <b>435,833,590</b> | <b>36,969,000</b>             | <b>(147,650,000)</b>    | <b>325,152,590</b> |
| <u>Contributions to/(from) reserves:</u> |                    |                               |                         |                    |
| - Service Reserves                       | 3,719,000          | 0                             | 0                       | 3,719,000          |
| - General Reserves                       | 0                  | 0                             | (6,635,412)             | (6,635,412)        |
| <b>Budget Requirement</b>                | <b>439,552,590</b> | <b>36,969,000</b>             | <b>(154,285,412)</b>    | <b>322,236,178</b> |

## 9. Council Tax Requirement

9.1. Approval is given to a council tax requirement and a Band D Council Tax for the County Council for the year ending 31 March 2022 as follows:

|   | £                     |
|---|-----------------------|
| Budget Requirement  | 322,236,177.65        |
| Less Council Tax Surplus on Collection                          | 1,438,435.00          |
| <b>Council Tax Requirement for the year ended 31 March 2022</b> | <b>323,674,612.65</b> |
| Divided by aggregate Council Tax Base for the County Area       | 211,067.82            |
| <b>Basic Amount of Council Tax (Band D)</b>                     | <b>1,533.51</b>       |

## 10. Council Tax

- 10.1. The council tax for 2021/22 is increasing by 2.99%. Therefore, approval is given to Council Tax amounts for each category of property as follows:

|        | £          |
|--------|------------|
| Band A | 1,022.3400 |
| Band B | 1,192.7300 |
| Band C | 1,363.1200 |
| Band D | 1,533.5100 |
| Band E | 1,874.2900 |
| Band F | 2,215.0700 |
| Band G | 2,555.8500 |
| Band H | 3,067.0200 |

## 11. Precepts

- 11.1. The Chief Executive is authorised to issue the 2021/22 precepts on the Warwickshire billing authorities, as follows:

|                                       | £             |
|---------------------------------------|---------------|
| North Warwickshire Borough Council    | 32,312,696.56 |
| Nuneaton and Bedworth Borough Council | 58,899,205.43 |
| Rugby Borough Council                 | 59,401,245.94 |
| Stratford-on-Avon District Council    | 87,312,569.43 |
| Warwick District Council              | 85,748,895.29 |

## 12. Budget Management

- 12.1. The Chief Executive is directly responsible for the implementation of the budget.
- 12.2. Cabinet will continue to receive quarterly reports on service performance, financial performance and progress on the delivery of the savings plans.
- 12.3. The Chief Executive and Strategic Director for Resources are authorised to vire revenue budgets between Services where such virements are as a direct consequence of the specific spending allocations, delivery of the planned net reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.



- 12.4. The Chief Executive and Strategic Director for Resources, in consultation with the Leader, are authorised to reverse allocations made as part of this budget process where the investment does not progress.
- 12.5. The Chief Executive and Strategic Director for Resources are authorised to draw down from reserves and vire money between reserves where these adjustments are as a direct consequence of the specific spending allocations, delivery of the planned budget reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.
- 12.6. The Chief Executive and Strategic Director for Resources are authorised to make the necessary budget adjustments to fund the new responsibilities given to the County Council during the year, or where responsibility for services transfers out, up to the level of Government funding provided/withdrawn.
- 12.7. The Chief Executive is instructed to remind the Strategic Directors, the Chief Fire Officer and Assistant Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of Services' work to secure value for money.
- 12.8. Services, and also schools, are encouraged to take a medium term view of spending commitments and ensure a prudent approach is adopted in entering into initiatives which create commitments in future years and developing clear strategies for the utilisation of service reserves.
- 12.9. All member bodies, Members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Chief Executive, Strategic Directors, Chief Fire Officer and Assistant Directors are instructed to ensure that the implementation of policies complies with legal requirements.
- 12.10. That authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime.

### **13. Pay Policy**

- 13.1. Section 38 of the Localism Act 2011 requires us, as a local authority to prepare and approve an annual pay policy statement by 31 March, immediately preceding the year to which it relates.

- 13.2. The pay policy statement must set out the authority's policies for the financial year relating to the remuneration of chief officers (which, in the case of the County Council, includes the Chief Executive, Strategic Directors and Assistant Directors) and the remuneration of employees who are not chief officers.
- 13.3. Our pay policy statement that meets these statutory requirements is set out in **Appendix E** and the County Council agrees the application of these remuneration policies for the financial year 2021/22.