



**COUNCIL MEETING
25 FEBRUARY 2021**

BUDGET 2021-2022

For the Financial Year Ending 31 March 2022

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Cabinet

24 February 2021



Title	Detailed Revenue Budget for 2021/22
Purpose of the report	To make six recommendations to Council.
Report Author	Paul Taylor - Chief Accountant
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Reason for the Recommendations	The Authority is required to set a balanced budget and a Council tax rate for the financial year 2021/22.
Recommendations	<p>Cabinet is asked to recommend that Council consider and approves the following:</p> <ol style="list-style-type: none"> 1. To approve a 0.00% increase on Band D for the Spelthorne Borough Council element of the Council Tax for 2021/22. Moreover: <ol style="list-style-type: none"> a. The revenue estimates as set out in Appendix 1 be approved. b. No Money, as set out in this report is appropriated from General Reserves in support of Spelthorne's local Council tax for 2021/22. c. To agree that the Council Tax base for the year 2021/22 is 39,016 band D equivalent dwellings calculated in accordance with regulation 3 of the Local Authorities (Calculation of Council tax base) Regulations 1992, as amended, made under Section 35(5) of the Local Government Finance Act 1992. 2. Continuing the Council's Local Council Tax Support Scheme with the current rules and regulations. 3. Continuing the complete disregard of war pension / armed forces pension income from benefit calculations. 4. The growth and savings items as set out in the report's appendices. 5. To note the Chief Finance Officer's commentary in section 4 of the report on the robustness of budget estimates and levels of reserves under sections 25 and 26 of the Local Government Act 2003 6. The Council Tax Base for the whole council area for 2021/22. [Item T in the formula in Section 31b (3) of the

local government Finance Act 1992, as amended (the “act”)] should be 39,016 band D equivalent dwellings and calculate that the Council Tax requirement for the Council’s own purpose for 2021/22 is £205.05 Per Band D equivalent dwelling.

That the following sums be now calculated by the Council for the year 2020/21 in accordance with Section 31 to 36 of the Local Government Act 1992.

A	104,340,381	Being the aggregate of the amount which the council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
B	96,340,081	Being the aggregate of the amount which the Council estimates for the items set out in Section 31A (3) of the Act
C	8,000,300	Being the amount by which the aggregate at (A) above exceeds the aggregate at (B) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year
D	205.05	Being the amount at (C) above divided by the amount at 5c (above), calculated by the

					Council in accordance with Section 31B (1) of the act, as the basic amount of its Council Tax for the year (including Parish precepts)
E			0		Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
F			205.05		Being the amount at (D) above less the result given by dividing the amount at (E) above by the amount at 5c (above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings on those parts of its area to which no Parish precept relates.

That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011.

A £	B £	C £	D £	E £	F £	G £	H £
136.70	159.48	182.27	205.05	250.62	296.18	341.75	410.10

	<p>Being the amounts given by multiplying the amount at (F) above by the number which in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the sum which in that proportion is applicable to dwellings listed in valuation band 'D', calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different band.</p> <p>That it be noted that for the year 2021/22 Surrey County Council and Surrey Police and Crime Commissioner have stated the following amounts (subject to ratification on 2 & 7 February) in precepts issued to Spelthorne Borough Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:</p>
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Precepts issued to the Council

	A £	B £	C £	D £	E £	F £	G £	H £
Surrey County Council	1,032.72	1,204.84	1,376.98	1549.08	1,893.32	2,237.56	2,581.80	3,098.16
Surrey Police & Crime Commissioner	190.38	222.11	253.84	285.57	349.03	412.49	475.95	571.14

That, having calculated the aggregate in each case above the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, hereby sets the amounts as the amounts of Council tax for the year 2021/22.

The Council has determined that its relevant basic amount of Council Tax for 2021/22 is not excessive in accordance with the principles approved under Section 52ZB Local Government Finance Act 1992.

As the billing authority, the council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2021/22 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

1. Key issues

- 1.1 The main points from the 2021/22 Budget as set out in Appendix A are as follows: -
- Spelthorne Borough Council element of the Council Tax is 0% for the year
 - Lower paid staff on grades 1-3 will receive 1% p.a.

- Staff on Grade 4 and above will receive 0.75% p.a. pay award
- All staff to receive a one-off payment of £100 to reflect the additional support and work provided to the community over and above business as usual during the COVID-19 pandemic including.
 - 17,000+ welfare visits & calls to vulnerable residents.
 - 22,000+ enquiries to our community helpline
 - 16,000+ meals delivered in the community
 - And much more

A full list of the additional services delivered to taxpayers during the first six months of the pandemic can be found by clicking on the following link <https://www.spelthorne.gov.uk/article/19804/Supporting-our-residents>

- £1m set aside for contingencies (principally COVID-19)
- £250k for in support of climate change initiatives

- 1.2 We are in the midst of exceptionally challenging and uncertain times, because of the continued COVID-19 pandemic and the early implications of Brexit, which has made the process of setting the Budget even more difficult than normal for 2021/22 and beyond. Yet despite these challenges we have learnt from the last twelve months how the lockdown process reduces services, fees and charges income, treasury management income, the amounts of council tax and business rates collected. Additionally, the Council incurred extra expenditure for example supporting the re-opening of its leisure centres, providing food and welfare support to shielded residents. Looking forward, when will businesses including the council see their operating income return to pre pandemic levels?
- 1.3 It is against this backdrop, which has produced the steepest downturn in the UK economy for over 300 years that we have managed to deliver a prudent balanced budget that maintains our level of services for the residents of the borough, it also allows for residents to benefit from a proposed freeze in Spelthorne Borough Councils element of the Council Tax liability.
- 1.4 Discussions are ongoing regarding the possibility of Surrey become a single Unitary Authority in the future, Spelthorne Borough Council continues to play an active part in these discussions.
- 1.5 Finally, with an eye to an uncertain economic future, we are taking the opportunity to put over £6.9m into our revenue reserves. It is this philosophy of building up our revenue reserves that enabled the Council to respond swiftly to the early challenges presented by the pandemic, at their meeting on 21 May 2020 Council agreed to reallocate £2.2m to support Council services ahead of any announcement of financial support from Government. To date we have utilised approximately £700k and are recommending that the remaining funds remain in the COVID-19 Resilience Reserve to provide additional contingency as a backup reserves in 2021-22 and the next few years should the Council experience further unanticipated budget impacts arising from the pandemic and assist Council to deliver a high level of services throughout the Borough.
- 1.6 In presenting a balanced budget, with reserves as contingency to support our services, we are showing a measured approach in managing the uncertainty

surrounding the impact of COVID-19 on our local economy, businesses and residents.

- 1.7 As a result of modelling since the government funding announcement in December 2020, the Council is still in a strong position and forecasting budget headroom in 2021/22 and potentially 2022/23. However, the Council anticipates experiencing budget gaps in 2023/24 and 2024/25 and will be monitoring the medium term closely, as well as identifying service improvements and savings.
- 1.8 Appendix 1 summarises the current draft detailed Budget proposed for 2021/22. After allowing for Housing Benefit the gross budget is financed as follows,
- Fees and Charges
 - Rental Income – Increasingly representing a greater proportion of the overall funding
 - General Revenue Grants (now consisting only of a reduced New Homes Bonus) & Retained Business Rates
 - Council Tax

Business Rates Retention

- 1.9 The Government because of COVID19 put on pause its Business Rates Retention reform and may now be implemented in 2022/23. If this is the case, the anticipated 75% retention and base line reset is now expected to impact the 2022/23 budget. For 2021/22 Spelthorne along with some of the other Surrey districts/boroughs and Surrey County Council will again form a Surrey Business Rates pool which should enable the Council to retain £300k to £600k more business rates than would be the case if it were not in a pool.

Grant Settlement

- 1.10 The Government's Provisional settlement was announced on 17th December and confirmed that Spelthorne would continue to receive no general grant support in 2021/22. The New Homes Bonus continues for 2021/22 however there is a £247k legacy payments in relation to the 2021/22 allocation. On a positive note, the Government has further delayed its proposal for negative grant allocations which would have meant the Council paying £750,000 to the Government.

2. Council Tax

- 2.1. Spelthorne Borough Council will look to set a 0.00% increase for its element of the Council Tax. We anticipate that the Council will be the only council in Surrey to freeze its council tax. Whilst the Government has limited the amount of Council Tax for shire districts and boroughs to either 2% or a rise of £5 on Band D (whichever is the higher). In our case £5 on band D would equate to 2.4% Spelthorne Borough Council has decided not to burden our Council Taxpayers further through the pandemic. County Councils and Unitary Authorities can levy an additional adult social care precept of 3%. The referendum limit for the Police has been set at £15.

Council Tax Support Scheme

- 2.2. The Council will continue the Local Council Tax Support scheme with the same rules and regulations as was agreed for the 2014/15 scheme. This was a 25% deduction made for working age claimants and a 10% deduction for working age claimants who we classified as disabled due to the benefits they receive. This is also taking into

account any annual uprating of applicable amounts or premiums that is announced by central government for the following year.

War Widows

- 2.3. It is sensible to re-confirm the Council's position with respect to the complete disregard of war pension /armed forces pension income from benefit calculations. If the full amount is disregarded the cost of this measure falls on the local authority as only the first £10.00 is disregarded by central government. We have already agreed to do this for our council tax support scheme. We have always disregarded the full amount since the housing benefit scheme came into existence along with practically every other local authority and the cost to the authority in the last subsidy claim was £4,273. We intend to continue to make this disregard for 2021/22.

3. Basis of preparation of Detailed Budget

- 3.1. Service levels – the estimates have been prepared based on maintaining existing service levels except where variations have been approved by the Cabinet and the Council. Members should be aware of the challenges posed by the COVID-19 global pandemic may impact either favourably or adversely on the Council Revenue budget. Considerable work has been undertaken to estimate the potential impact based on the knowledge gained from three lockdowns over the past ten months. The Council has undertaken considerable work to identify savings and efficiencies to offset the list of growth proposals. This is to ensure a balanced budget not just for 2021-22 but also to put us in a sustainable position to balance the Budget in 2022-23.

- 3.2. Pay and price levels – a 0.75% pay award for all staff is planned. It is also proposed to award an addition 0.25% to staff on the three lowest pay scales. A one-off (i.e. not built into base budget for future years) payment of £100 (gross) will be made to all staff to reflect the additional work undertaken over the last year in respect of COVID-19 and as a gesture of appreciation for their hard work and commitment. The Council has made an undertaking to Unison, to reconsider the above, based on final national pay award settlement for 2021=22, should this be higher than the proposed pay awards.

Inflation has been included in respect of contracts where appropriate. Inflation as currently measured by the Consumer Prices Index is 0.6% (as per CPI for December 2020)

Pensions

- 3.3. As we are in the middle of the three-year period between Pension Fund valuations our employer contribution rates for 2021-22 had already been agreed.

3.3.1. The primary rate which is the contribution paid on an ongoing basis as employees earn additional entitlement will continue at 17.3% for 2021/22 and 2022/23

3.3.2. the secondary rate – this is a lump sum which the Council pays as an employer towards closing the deficit relating to past service benefits. In 2020-21 the Council chose to frontload and pay a higher amount in the first of the three years of the triennial period by contributing of £2.122m in 2021/22 this reduces to £1m. This reduction has significantly helped offset some of the pressures generated by the pandemic in balancing the budget. The secondary contribution will remain at £1m in 2022/23.

4. Fees and charges

- 4.1. All fees and charges have been reviewed. See separate report on the agenda.

Income Generation

- 4.2. The Budget forecasts have reflected the performance of the Council's income over the last three years during which time income levels have held up despite the general economic pressures. In anticipation that in 2021/22 as the economy moves out of lockdown it is assumed that sales and fees charges income levels will not fully return to pre-pandemic levels. After taking into account 71.25% reimbursement by the Government of income lost because of COVID-19 impacts in the first three months of 2021/22 the sales and fees charges income levels have been reduced by approximately £0.5m for 2021/22.
- 4.3. The 2021/22 Budget is being supported by a full year net income of £9.3m from commercial assets acquired since 2016. The Council's focus is to use these funds on the delivery of housing and regeneration within the borough.
- 4.4. In July 2020 the council formed Spelthorne Direct Services Ltd., a trade refuse company. Whilst this would require an initial loan from the Council to start up it is envisaged that this would ultimately generate an additional return for the council. The Company will be recharged for services provided to it by the Council budget.

Contingencies

- 4.5. One million pounds contingency provision has been built into the Budget principally to cover potential COVID-19 impacts. The General fund reserve exists as a source of contingency funds should a need arise which can be addressed through offsetting savings. Additional there is also the COVID-19 Resilience Reserve which could be drawn upon if required.

Interest Rates

- 4.6. The Council at present has benefited from several years of above average investment returns through a diversified range of pooled investment funds. The return on these funds is 3.6% as at September 2020 which is a very good rate of return when compared to base rate of 0.1%.
- 4.7. Returns on maturing cash deposits are currently within the range of 0.67% to 0.73% and the average overall return on investments is expected to be around 1.66%.

5. Investment Income

- 5.1 The Cabinet has separately received the Treasury Management Strategy for 2021/22 indicating the current position in respect of interest rates and the proposed strategy for dealing with the lower levels of interest rates and the reduction of investment monies.
- 5.2 Arlingclose advise the Council on expected rate changes which would affect investments. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England in response to the impact of COVID-19 reduced the base rate to 0.1%. It remains to be seen whether the Bank of England is prepared to make further reductions and even move to a negative base rate.
- 5.3 Cabinet is receiving separately on this agenda the Capital Strategy setting out the Council's broader approach to management of capital expenditure and risk mitigation with respect to financial and non-financial investment assets. The Capital Strategy and the Capital Programme reports both set out the Prudential Indicators including

the proposed borrowing limits in accordance with the Chartered Institute of Public Finance's Prudential Code.

Use of Reserves

- 5.4 The Cabinet reviewed its reserves levels and the purposes for which it holds reserves in the Reserves Policy which it approved in January. Despite the financial impacts of COVID-19, The financial sustainability of the authority because of past investment property purchases means that for the year 2021/22, the authority will not need to draw on its Reserves to balance the budget. The income from its commercial assets has enabled the authority to provide a revenue contribution to help finance the capital programme as well as setting up/topping up sinking funds to cover the Council in the event of unexpected income loss and help enable the Council to put its residents first by freezing the Council's share of council tax. The Council will be adding a further net £4.3m into its sinking funds during 2021-22 Sinking funds by the end of 2021/22 are anticipated to total £29m.

Growth Items

- 5.5 Additional spending pressures or reduced income streams totalling £1.3m have been included in the budget. Appendix 2 summarises the discretionary budget growth items.
- 5.6 The evaluation of growth bids received from services have been carried out using several criteria including: -
- Whether there is an invest to generate future income aspect
 - Whether there is an invest to achieve future savings
 - Whether it is necessary to meet statutory obligations
 - Whether it is necessary for operational reasons, for example service resilience
 - The extent to which it supports corporate priorities or priorities set by Council for example resourcing the new Committee system due to commence in May 2021.
- 5.7 There are a few areas of new or increased expenditure items included in the 2021/22 budget and some of these are highlighted below:
- Additional staffing resources / recruitment & retention
 - Additional costs of service provision

Savings / Additional Income

- 5.8 In total savings/additional income of approximately £0.5m have been found. These savings are necessary to offset the impact of COVID-19 and the additional pressures identified in appendix 2. All savings proposals have been incorporated into the budget estimates.
- 5.9 The salary vacancy/turnover assumption for 2021/22 will remain the same as last year at £300k.

Precepts

- 5.10 Surrey County Council at its meeting on 9 February set a Band D council tax of £1,549.08 representing a 2.49% increase and Surrey Police at its tax setting meeting on the 7 February set a band D council tax of £285.57 representing a £15 increase on Band D.

6 Options analysis and proposal

- 6.1 The Council is required to set a balanced budget and in the light of the detailed budget it is recommended the Council freezes its share of Council Tax for 2021-22. In doing so the Council is taking account of the financial pressures many of its residents are currently under because of the impacts of COVID-19.

7 Financial implications

- 7.1 Addressed in the body of the report.

8 Other considerations

- 8.1 The Local Government Act 2003 (the 2003 Act) section 25 requires that when a council is agreeing its annual Budget the Chief Finance Officer (section 151 Officer) must report to it on the following matters:

8.1.1 The robustness of the estimates underpinning the Budget

8.1.2 The adequacy of the proposed reserves' levels

- 8.2 In the exceptionally challenging times, all councils are currently facing because of the impacts of the COVID19 pandemic it is even more important than even to ensure that the Council pursues a careful and prudent approach to setting its budget and considering budget risk. It is uncertain when the country will emerge from the pandemic lockdown, what the impact on the local economy of the national furlough scheme ending in April 2021 or how long the Council's service fees & charges income levels will take to recover. Equally the Council needs to evaluate and manage risks facing its commercial and retail income streams.

- 8.3 There are a range of other legislative measures in Local Government Acts which are in place to ensure local authorities do not over-commit themselves financially. These include:

- The Chief Finance Officer's section 114 power and duty, which requires a report to all members of the Council if there is, or likely to be, unlawful expenditure or an unbalanced budget.
- The Prudential Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which guides local authorities on the affordability of their capital programme.

- 8.4 The 2003 Act requires Members to have regard to this report in making their decisions. The 2003 Act does not provide any specific guidance on how to evaluate the robustness of the estimates. However, it does identify the need to allow for risks and uncertainties that might lead to expenditure exceeding budget by:

- Making prudent allowance in the estimates for inflation, known cost increases or reductions in income and in addition
- Ensuring that there are adequate reserves to draw on if the estimates are insufficient.

- 8.5 It is stressed that the advice contained in this report on the appropriate level of reserves is *not* based on a percentage of spend, but on an assessment of all the circumstances likely to affect the Council. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states the following factors should be considered by the section 151 officer in undertaking an assessment on the overall level of reserves and balances:

- Assumptions regarding inflation
- Treatment of demand led pressures
- Treatment of savings
- Risks inherent in new partnerships etc.
- Financial standing of the authority (i.e., level of borrowing, debt outstanding etc)
- The Authority's track record in budget management
- The Authority's capacity to manage in year budget pressures
- The Authority's virements and year end procedures in relation to under and overspends
- Estimates of the level and timing of capital receipts.

8.6 The Council's Section 151 Officer has considered and followed those guidelines. The Council is obliged to take these views into consideration when setting the Council Tax and budget for 2020/21.

In coming to a view on the adequacy of reserves it is necessary to take several issues into account including:

- The purpose for which the Council holds a specific reserve and general fund working balance
- The risks and uncertainties the Council faces that may have financial consequences
- The likelihood of those risks arising

8.7 The above issues, along with the Reserves Policy were considered as part of the Outline Budget report which went to Cabinet in January 2021 and which reviewed projected balances on reserves. The Council's Revenue Reserve, which acts as a contingency reserve is currently £1.25m which represents 16% of the proposed net budget for 2021-22. In the last few years, the Council has ceased to use revenue reserves to support balancing the Budget, this reflects the more sustainable basis the Budget is now on.

8.8 Reserves and provisions – the local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of the council's financial reserves when consideration is given to the general fund budget requirement for the year. Under the local government finance act 1988, all useable revenue balances held by the council are at the direct disposal of the general fund apart from the Collection Fund and the investment reserve. However, a number of these balances are earmarked specifically for social housing and the new scheme fund. As set out in the Reserves Policy the Council has consolidated some of its earmarked reserves to create a COVID-19 Resilience Reserve which is anticipated will have a balance of £1.5m as at 31/3/21. Whilst it is not anticipated to need to use this reserve to support the budget during 2021-22 it will be available to be called upon if there are further unexpected economic impacts arising from COVID-19.

8.9 The Chief Finance Officer considers that the reserves and provisions will ensure that the Council maintains a healthy financial position even in the face of COVID-19. In forming this judgement, he has had regard to the new (due to be published in week commencing 15 February) Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index results for the Council which show a strong overall positive picture particularly with respect to reserves levels with 6 of the 8

indicator measures towards the lowest end of risk. The Council's indicators for reserve levels and reserve movements are at the lower end of risk. This reflects the additional amounts the Council has been putting into its sinking funds. As commented in the Reserves Policy a recent national benchmarking exercise by LG Improve identified that Spelthorne has the highest ratio of unallocated revenue reserves to net revenue budget of any district or borough council in the country.

- 8.10 In response to the impact of COVID-19 and the biggest economic downturn for more than three hundred years, the Council carefully reviewed the adequacy of its sinking funds designed to be able to absorb potential drops in its commercial income stream. The Council produced revised sinking funds projections for the next years on both an expected case and worst-case basis. To date the worst-case modelling suggests that the reserves levels are more than adequate for the next ten years.
- 8.11 Additional confidence can also be taken from the fact that despite the impacts of COVID-19 in the four quarters since the March 2021 lockdown the Council has already collected more than 97% of the commercial rent due to it. This is a very robust collection performance and reflects the quality of its assets, their location, the financial health of its tenants and the quality of its assets team.
- 8.12 The CIPFA Financial Resilience has three measures for which the Council is shown as being at the higher end of risk. These are
- a) Gross Debt to revenue budget – this reflects that the Council has more than £1 billion in debt (although we do not have the highest level of debt in our comparator group). What also needs to be considered is that the Council has nearly £1 billion of best-in-class assets backing this debt. Through the Council's sinking fund strategy, it is seeking to ensure it appropriately maintains the assets. The debt is being paid down on an annual prudent basis. and the borrowing has been fixed at low rates of interest. There is no risk of interest movement on the debt.
 - b) Interest to revenue - this reflects the level of debt highlighted above, What the CIPFA indicator does not reflect is that the rental income generated by the commercial assets is more than 2.2 times in value the interest cost and is sufficient to cover interest, annual debt repayments, management costs and to make annual sinking fund contributions.
 - c) The Index flags that due to the Council currently doing well in terms of the amount of Business Rates it retains above the Baseline set by Government that there is a risk when the Government resets the baseline in 2020-21 as part of implementing 75% Business Rates retention nationally, that the Council is risk of loss rates when the change happens.
- 8.13 The Chief Finance Officer is satisfied that each service budget has been prepared in the context of the Council's corporate strategies, including the Capital Strategy and longer-term financial strategy which means that the Council is presented with robust estimates as a basis for making decisions about the level of council tax. Officers have modelled a range of scenarios including different assumptions around future pay settlements, and rate at which business rates may be withdrawn from the Council by Government. The nature and size of our revenue budget carries a degree of risk, this is particularly the case in the current COVID-19 crisis.

8.14 Given the significant uncertainties created by COVID-19 and the potential for further unexpected expenditure or reductions in income arising from the impacts of COVID-19 it has been considered prudent to set aside within the Revenue Budget for 2021-22 a COVID-19 contingency provision of £1m. This is equivalent to 8% of the Net Revenue Budget.

8.15 Reserves and provisions – the local Government Act 2003 section 26 requires me to report on the adequacy of the council's financial reserves when consideration is given to the general fund budget requirement for the year. Under the local government finance act 1988, all revenue balances held by the council are at the direct disposal of the general fund except for the Collection Fund. However, a number of these balances are earmarked specifically for social housing and the new scheme fund.

9 Issues considered when evaluating the robustness of the estimates and the adequacy of the reserves is set out below

9.1 The budget has several risks and these are set out below:

Outside control	Internally based
Economic and financial impacts of COVID-19 including on residents' ability to pay council tax, businesses ability to pay business rates, council income levels, levels of local council tax support, impacts on commercial rents etc	
Interest rates	Failure to sufficiently resource delivery of key asset income generation projects
Severe public sector spending cuts	Collection of retained business rates
Volatility of BREXIT on level of economic activity including business rates income and tenant's occupancy in commercial assets	Reliance on interest earnings to balance the budget
Changes to redistribution of Local Government Funding	Slippage of Council's housing delivery programme
Impact of budget pressures on Surrey County Council and other public sector entities.	
Housing benefit subsidy/welfare reform.	

The risks are that the level of savings anticipated do not materialise or that there are additional spending pressures. These will be mitigated by ensuring proposals have been properly evaluated before being built into the final budget for example clarifying any contractual assumptions, and thereafter through careful budget monitoring.

10 Timetable for implementation

10.1 Full Council to approve the Budget on 25 February 2021.

Background papers:

Appendices: 1,2 and 4-6

Detailed Revenue Budget 2021/22

Appendix 1

	2020-21 Original £	2021-22 Proposed		
		Expenditure £	Income £	Net £
Gross Expenditure	61,359,100	62,507,268	0	62,507,268
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	(11,048,700)	0	(11,105,500)	(11,105,500)
Less: Housing Benefits Grant	(29,317,500)	0	(29,317,500)	(29,317,500)
Net Service Expenditure:	20,992,900	62,507,268	(40,423,000)	22,084,268
Portfolios which have been restated to reflect the new structure				
ICT, Legal, HR & Town Centre Regeneration	2,556,200	3,665,700	(712,300)	2,953,400
Assets and Business Transformation	2,443,500	3,282,700	(636,600)	2,646,100
Finance	3,331,000	3,194,968	(380,500)	2,814,468
Community Wellbeing	1,520,700	2,927,200	(1,393,400)	1,533,800
Housing	2,318,500	33,364,700	(31,030,600)	2,334,100
Leisure Services	48,300	390,600	(340,600)	50,000
Compliance, Waste & Risk	4,248,100	8,583,400	(4,433,300)	4,150,100
Planning & Economic Development	1,035,600	2,801,800	(1,296,700)	1,505,100
Comms, Environment & Project Man.	3,491,000	4,296,200	(199,000)	4,097,200
	20,992,900	62,507,268	(40,423,000)	22,084,268
Salary expenditure - vacancy monitoring	(300,000)	(300,000)		(300,000)
Pensions	1,058,000	205,000		205,000
Service Expenditure	21,750,900	62,412,268	(40,423,000)	21,989,268
NET EXPENDITURE	21,750,900	62,412,268	(40,423,000)	21,989,268
Interest earnings	(1,290,000)	0	(1,249,256)	(1,249,256)
Asset Acquisition Income	(53,006,200)	0	(51,339,224)	(51,339,224)
Debt Interest payable	24,234,600	24,498,320	0	24,498,320
Minimum Revenue Provision	11,902,900	12,327,200	0	12,327,200
Set Aside	1,130,000	1,030,000	0	1,030,000
Capitalisation of Interest on Development Properties		(1,221,100)	0	(1,221,100)
Net interest margin on loans to KGE	(50,000)	0	0	0
Contingency Provision for Covid	0	1,000,000	0	1,000,000
Green Initiatives Fund		250,000	0	250,000
Recharge of Central Support Costs to KGE	0	(130,000)	0	(130,000)
NET EXPENDITURE AFTER INTEREST EARNINGS	4,672,200	100,166,688	(93,011,480)	7,155,207
Appropriation to Reserves:				
Revenue Contributions to Capital Outlay	750,000	835,100	0	835,100
Project Delivery Fund	1,397,400	0	0	0
Sinking Fund Contributions	5,814,000	6,814,000	0	6,814,000
Release of Funding from Sinking Fund	0	(2,625,204)	0	(2,625,204)
BUDGET REQUIREMENT	12,633,600	105,190,584	(93,011,480)	12,179,103
Allocation from National Non-Domestic Rate pool	0	0	0	0
Retained Business Rates	(3,000,000)	0	(1,929,000)	(1,929,000)
Section 31 Grants	(800,000)	0	(800,000)	(800,000)
Lower Tier Services Grant re Core Spending Power	0	(82,145)	0	(82,145)
Business Rates - Economic Development Set Aside	0	(800,000)	0	(800,000)
Covid Grant 2021/22	0	(506,397)	0	(506,397)
Negative RSG	0	0	0	0
New Homes Bonus Grant	(551,100)	0	(252,000)	(252,000)
Contribution to Revenue Reserves	0	73,739	0	73,739
NET BUDGET REQUIREMENT	8,282,500	103,875,781	(95,992,480)	7,883,300
Collection Fund (Surplus)/Deficit	(63,000)	117,000	0	117,000
CHARGE TO COLLECTION FUND	8,219,500	103,992,781	(95,992,480)	8,000,300
Tax base	40,085	0	39,016	39,016
Council Tax rate	205.05	0	205.05	205.05
Council Tax yield	8,219,500	0	8,000,300	8,000,300

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Net Expenditure Budget 2021/22 by portfolio

Appendix 2

Portfolios	Restated 2020/21 £	Proposed 2021/22 £	Change from 2020/21 £
Committee Services	144,000	238,900	94,900
Corporate Governance	108,800	214,000	105,200
Democratic Rep & Management	419,800	419,800	0
Elections	10,200	10,200	0
Electoral Registration	252,500	253,700	1,200
General Property Expenses	(1,400)	(129,500)	(128,100)
Human Resources	374,600	403,300	28,700
Information and Comms Technology	1,067,500	1,134,100	66,600
Legal	511,500	642,600	131,100
Payroll	58,700	68,300	9,600
Staines Town Centre Management	(390,000)	(302,000)	88,000
ICT, Legal, HR & Town Centre Regeneration	2,556,200	2,953,400	397,200
Asset Management Administration	424,800	428,400	3,600
Deputy Chief Executives	276,400	278,500	2,100
Chief Executive	221,700	238,000	16,300
Emergency Planning	111,100	111,100	0
Planned Maintenance Programme	1,284,100	1,463,700	179,600
Secretariat & Support	125,400	126,400	1,000
Assets and Business Transformation	2,443,500	2,646,100	202,600
Accountancy	637,600	642,700	5,100
Audit	172,700	208,100	35,400
Customer Services	1,187,100	1,199,600	12,500
Unapportionable Central Overheads	1,333,600	764,068	(569,532)
Finance	3,331,000	2,814,468	(516,532)
Community Care Administration	451,200	455,400	4,200
Day Centres	532,800	538,000	5,200
General Grants	209,600	209,600	0
Meals on Wheels	36,700	37,600	900
People & Partnerships	138,500	139,000	500
Research & Consultation	13,000	13,000	0
SAT	153,700	155,200	1,500
Span	(14,800)	(14,000)	800
Spelthorne Family Support	0	0	0
Community Wellbeing	1,520,700	1,533,800	13,100
Homelessness	578,200	578,600	400
Housing Benefits Administration	333,300	333,300	0
Housing Benefits Payments	51,000	55,800	4,800
Housing Needs	1,356,000	1,366,400	10,400
Housing	2,318,500	2,334,100	15,600

Net Expenditure Budget 2021/22 by portfolio

Appendix 2

Portfolios	Restated 2020/21 £	Proposed 2021/22 £	Change from 2020/21 £
Active Lifestyle	4,400	4,400	0
Arts Development	28,300	28,300	0
Events	2,000	2,000	0
Leisure Administration	218,400	220,100	1,700
Leisure Promotions (Golf Club)	(46,200)	(46,200)	0
Museum	(2,600)	(2,600)	0
Public Health	(5,000)	(5,000)	0
Resource Centre	12,800	12,800	0
Safeguarding	1,100	1,100	0
Spelthorne Leisure Centre	(202,700)	(202,700)	0
Sports Development	13,000	13,000	0
Youth	24,800	24,800	0
Leisure Services	48,300	50,000	1,700
Car Parks	(667,900)	(697,100)	(29,200)
Cemeteries	(322,300)	(322,300)	0
Community Safety	244,400	244,400	0
Depot	116,200	116,200	0
Direct Services Management and Support	1,287,300	1,311,500	24,200
Food Safety	(2,000)	(2,000)	0
Grounds Maintenance	1,689,200	1,687,100	(2,100)
Licensing	105,000	94,000	(11,000)
Nursery	0	0	0
Refuse Collection	1,426,700	1,342,300	(84,400)
Staines Market	(136,700)	(136,700)	0
Street Cleaning	925,900	930,400	4,500
Taxi Licensing	(75,700)	(75,700)	0
Waste Recycling	(342,000)	(342,000)	0
Compliance, Waste & Risk	4,248,100	4,150,100	(98,000)
Building Control	31,600	34,600	3,000
Economic Development	192,400	203,600	11,200
Land Charges	(61,400)	(30,900)	30,500
Planning Development Control	523,400	748,500	225,100
Planning Management	0	0	0
Planning Policy	393,200	593,300	200,100
Public Halls	(43,600)	(44,000)	(400)
Planning & Economic Development	1,035,600	1,505,100	469,500
Abandoned Vehicles	3,500	3,500	0
Allotments	(7,500)	(12,500)	(5,000)
Bus Station	25,300	25,300	0
Corporate Management	410,100	1,017,600	607,500
Corporate Publicity (Comms)	251,600	272,800	21,200
Energy Initiatives	10,100	10,100	0
Environment Services Administration	0	0	0
Environmental Health Administration	1,063,800	1,076,700	12,900
Environmental Enhancements	21,000	21,000	0
Environmental Protection Act	98,300	98,300	0
Insurance	284,100	284,100	0
Knowle Green	657,700	609,000	(48,700)
Parks Strategy	14,800	(8,900)	(23,700)
Print Unit	82,900	82,900	0
Project Management	536,000	591,000	55,000
Public Conveniences	12,400	9,900	(2,500)
Rodent and Pest Control	21,400	10,900	(10,500)
Water Courses & Land Drainage	5,500	5,500	0
Comms, Environment & Project Man.	3,491,000	4,097,200	606,200
Net Expenditure	20,992,900	22,084,268	1,091,368

Calculation of the basic Council Tax for 2021/22

Appendix 4

	£	£
Total Service expenditure for the year		62,412,268
Less Housing Benefit		<u>-29,317,500</u>
		33,094,768
Add		
Transfer to refurbishment reserve	6,814,000	
Revenue contribution to capital outlay	835,100	
Debt interest payable	24,498,320	
Minimum Revenue Provision	12,327,200	
Asset Supervision costs	1,030,000	
Covid contingency	1,000,000	
Green initiatives	250,000	
Contribution to Revenue Reserves	73,739	
		<u>46,828,359</u>
Gross Expenditure for the year		79,923,127
Less		
Gross income for the year	-11,105,500	
Interest earnings	-1,249,256	
Income from assets acquisitions	-51,339,224	
Transfer from refurbishment reserves	-2,625,204	
Capitalisation of interest	-1,221,100	
Recharge of central costs	<u>-130,000</u>	
Income for the year		-67,670,284
The Council's net expenditure		12,252,843
Less		
Retained share of business rates	-1,929,000	
Non ring fenced grants	-800,000	
Business Rates - Econ Dev set aside	-800,000	
COVID-19 grant	-506,398	
Lower Tier Service Grant	-82,145	
New Homes Bonus	<u>-252,000</u>	
		-4,369,543
Estimated Deficit on the Collection fund		<u>117,000</u>
Net sum to be recovered through Council Tax		8,000,300
The Council's Band D tax base for 2021/22		39,016
Expressed per equivalent Band D property (8000300 /39016)		205.05

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Appendix 5

CALCULATION OF COUNCIL TAX FOR DIFFERENT VALUATION BANDS FOR 2021/22 FOR SPELTHORNE'S OWN EXPENDITURE

1. Basic Council Tax for Band 'D' property as calculated at Appendix F

£205.05

VALUATION BAND

A	B	C	D	E	F	G	H
6/9	7/9	8/9	1	11/9	13/9	15/9	18/9
£	£	£	£	£	£	£	£
136.70	159.48	182.27	205.05	250.62	296.18	341.75	410.10

2. The Multipliers specified in Section 5(1) of the Local Government Finance Act 1992, to apply to the Basic Tax above.

3. Item 1 multiplied by item 2, to give the Council Tax for the year in respect of each valuation band.

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Appendix 6

CALCULATION OF COUNCIL TAX FOR DIFFERENT VALUATION BANDS FOR 2021/22 SUMMARY								
VALUATION BAND	A	B	C	D	E	F	G	H
1. Precepts issued to the Council	£	£	£	£	£	£	£	£
i) Surrey County Council	1032.72	1204.84	1376.98	1549.08	1893.32	2237.56	2581.80	3098.16
ii) Surrey Police	190.38	222.11	253.84	285.57	349.03	412.49	475.95	571.14
2. Spelthorne's Council Tax	136.70	159.48	182.27	205.05	250.62	296.18	341.75	410.10
3. The total of items 1 and 2 above, which is the full Council Tax for 2020/21	1,359.80	1,586.43	1,813.09	2,039.70	2,492.97	2,946.23	3,399.50	4,079.40

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