

Report to Overview and Scrutiny Committee



Date of Meeting	8 th February 2021
Portfolio	Cabinet Member for Corporate Delivery
Report Author	Julie Murphy
Public/Private Document	Public

Savings Programme 2021/22

Executive Summary

1. This report provides Overview and Scrutiny Committee Members with recommendations regarding Savings Proposals for consultation in order to meet the pre Covid-19 budget gap for 2021/22.

Recommendation

2. It is recommended that Members:
 - 2.1 Consider and comment on the savings proposals as part of the consultation which started on 4th January 2021.

Reason for Recommendation

3. The Council is required to set a balanced 2021/22 Revenue Budget and provisional budgets for 2022/23 to 2023/24 by 11th March 2021.
 - 3.1 As part of the process, proposed savings are consulted upon. It is the responsibility of the Corporate Overview and Scrutiny Committee to review and comment on these proposals, before Cabinet and Budget Council.

Key Points for Consideration

4. Spending Review 2020

4.1.1 The Chancellor of the Exchequer announced his Spending Round 2021/22 on 25th November 2019. The Spending Review is for 2021/22 only. The main announcements affecting local authorities were:

4.1.2 Public Sector Pay

Pay rises in the public sector will be restrained and targeted in 2021/22:

- The government will continue to provide for pay rises for over 1 million NHS workers.
- The government will also prioritise the lowest paid, with 2.1 million public sector workers earning less than £24,000 receiving a minimum £250 increase.
- For the rest of the public sector the government will pause pay rises in 2021/22.
- The government will increase the National Living Wage (NLW) for individuals aged 23 and over by 2.2 per cent from £8.72 to £8.91, effective from April 2021.

4.1.3 Supporting Local Authorities

To support local authorities in England with Covid-19 pressures next year, the government expects to provide over £3bn in additional support by:

- Providing an additional £1.55bn of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19.
- Providing local authorities with £670m of additional grant funding to help local authorities support the more than 4 million households that are least able to afford council tax payments.
- Providing an estimated £762m to compensate local authorities for 75% of irrecoverable loss of council tax and business rates revenues in 2020/21, which would otherwise need to be funded through local authority budgets in 2021/22 and later years.
- Extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.

4.1.4 The underlying core settlement for local authorities in 2021/22 includes:

- £300m of new grant funding for adult and children's social care, in addition to the £1bn announced at Spending Review 2019 that is being maintained in 2021/22.
- Increasing Revenue Support Grant in line with inflation.
- Maintaining the existing New Homes Bonus scheme for a further year, with no new legacy payments.
- Providing £16m to support modernisation of local authorities' cyber security systems.

- The referendum threshold for increases in Council Tax will remain at 2% in 2021/22.
- Social care authorities will be able to charge an Adult Social Care precept of up to 3%.
- The government will provide £254m of additional resource funding to tackle homelessness and rough sleeping in 2021/22.
- As a result of the above measures core spending power for local authorities is estimated to increase by 4.5% in cash terms in 2021/22.
- A continuation of the existing £2.1bn provided to local authorities through the improved Better Care Fund, which will be pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS.
- The government has decided to freeze the business rates multiplier in 2021/22. Local authorities will be fully compensated for this decision. The government is also considering options for further Covid-19 related support through business rates reliefs, and will outline plans for 2021/22 reliefs in the New Year.
- The government has decided not to proceed with a reset of business rates baselines in 2021/22 and will maintain the existing 100% business rates pilots for a further year. This is in line with the decision earlier this year to delay the move to 75% Business Rates Retention and the implementation of the Fair Funding Review.

4.1.5 Infrastructure

- £100bn of capital expenditure next year, to kick-start growth and support jobs. This includes £19bn of transport investment next year, including £1.7bn for local roads maintenance and upgrades.
- The government is launching a new Levelling-Up Fund worth £4bn for England. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. This fund will invest in a broad range of high value local projects up to £20m, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture.
- £68m of additional funds for Disabled Facilities Grant in 2020/21 to assist in home adaptations. The additional allocation for Rochdale is £355k.

4.2 Provisional and Final Local Government Finance Settlement 2021/22

4.2.1 The Provisional Local Government Finance Settlement 2021/22 was announced on 17th December 2020, confirming the measures outlined in the Spending Review.

4.2.2 The Final Local Government Finance Settlement is expected on 10th February 2021, the outcome will be included within the Budget Reported to Council on 3rd March.

4.3 Revenue Budget Gap 2021/22

- 4.3.1 As part of the budget setting process, the Council makes a number of assumptions in respect of the key elements of the Council's revenue budget. An updated Revenue Budget position for 2021/22 to 2023/24 was reported at Cabinet 1st December 2020, along with savings proposals.
- 4.3.2 The savings proposals were approved to be taken forward into consultation. The consultation began on 4th January and closes on 17th February. This paper allows the Committee to be involved within the consultation.

4.4 Alternatives Considered

- 4.4.1 The Council is legally obliged to set a balanced revenue budget. The budget setting process is complex and must be undertaken in a planned way. Whilst budgets are prepared in accordance with the approved guidelines a number of alternative options relating to savings proposals and budget pressures are considered as part of the overall budget setting process.
- 4.4.2 Consideration has been given to a number of options in putting forward the savings proposals contained in this report and the individual reports outline any alternatives considered. To do nothing was not considered to be an option as the Council is legally required to set a balanced budget.

Costs and Budget Summary

5. Savings Proposals 2021/22

- 5.1 Draft savings proposals are included in the private appendix. These are currently out for consultation, some with the public and others within the Council noted as work force options. If these are approved, they will deliver the following savings towards the Council's budget gap:-

2021/22 Ongoing (£'000)	2021/22 One-off (£'000)	2022/23 Ongoing (£'000)	2022/23 One-off (£'000)
1,293	8	106	15

Risk and Policy Implications

6.1 Risk Implications

- 6.1.1 The budget forecast has been based on a number of assumptions, known levels of expenditure and anticipated levels of resources. Final confirmation of these assumptions are not likely to be received until December this year.
- 6.1.2 The key assumptions are reviewed and updated throughout the year based upon latest information available.

6.2 Legal Implications

- 6.2.1 The Council is under a duty to calculate the budget in accordance with Section 32 of the Local Government Finance Act 1992 and must make three calculations namely: an estimate of the Council's gross revenue expenditure; an estimate of anticipated income; and a calculation of the difference between the two. The amount of the budget requirement must be sufficient to meet the Council's budget commitments and ensure a balanced budget. The amount of the budget requirement must leave the Council with adequate financial reserves. The level of budget requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers.
- 6.2.2 Failure to make a lawful Council Tax on or before 11th March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a specified increase in Council Tax.
- 6.2.3 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'.
- 6.2.4 Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
- 6.2.5 There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

6.3 Workforce Implications

- 6.3.1 The detailed 2021/22 budget timetable includes the requirement to undertake formal workforce consultation with the staff and trade unions. The consultation will be undertaken in accordance with the Council's established formal staff consultation processes including meetings of the Joint Consultative Negotiation Group (JCNG) and Service Consultative Groups (SCG). Any Workforce proposals that are agreed by cabinet will be implemented through the delegated Decision making process (DDM).

6.4 Equalities Impacts

6.4.1 Workforce Equality Impacts Assessment

Workforce equality impact assessments will be provided with any savings proposals and an overall workforce equality impact assessment on the budget will be presented to facilitate final decision making.

6.4.2 Equality/Community Impact Assessments

Equality Impact assessments will be provided with any savings proposals and an overall equality impact assessment on the budget will be presented to facilitate final decision making

Consultation

7.1 Consultation is underway with stakeholder groups, staff and service users as appropriate for the approved savings proposals. Consultation commenced on 4th January 2021 and will end on 17th February 2021.

7.2 Post consultation options will be presented to Corporate Overview and Scrutiny Committee on 22nd February followed by Cabinet on 25th February.

Background Papers	Place of Inspection
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