

COUNCIL CABINET **10 February 2021**

Minute Extract

Budget and Policy Framework

119/20 Draft - Medium Term Financial Plan 2021/22 – 2023/24 (Revenue Budget, Capital Budget, DSG Grant, Reserves and Capital Strategy)

The Council Cabinet considered a report which outlined the Council's budget proposals for the period 2021/22 to 2023/24 to recommend to Council:

Revenue budget:

The report outlined proposals to recommend to Council a net budget requirement of £256,372,732 for 2021/22 and outlined further budget proposals for 2022/23 and 2023/24.

It also set out permanent savings requirements of (£11.140m) over the three-year period to address the impact of demand pressures, rising costs, maintaining priority services and investing in the Derby Recovery plan. These savings total (£9.654m) in 2021/22, (£1.516m) in 2022/23 and £0.030m in 2023/24.

Capital budget:

The report set out the 2021/22 to 2023/24 capital programme to recommend to Council. The main areas of the £473.4m programme over the next three years were:

The capital programme outlined assumptions made on future year's government allocations which were still to be confirmed.

The report also contained a refreshed Capital Strategy that gave a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability as detailed in Appendix 16 of the report. During 2021/22 a Capital Ambition Statement for the City would be developed.

Reserves:

The report detailed a series of strategies and assessments of the adequacy of reserves which were required as part of the budget process. These demonstrated that the Council was able to set a balanced budget for 2021/22 and to plan its finances on a sustainable basis.

Prior to Council Cabinet recommending to Council the Budget Requirement to set the Council Tax it was required to consider the Section 25 report from the Strategic Director of Corporate Resources (attached at Appendix 6 of the report). This detailed the adequacy of reserves and robustness of the estimates for the period 2021/22 to 2023/24.

The report also detailed how the Budgets support delivery of the Council Recovery Plan and a number of the initiatives and approaches to allow resources and investments to be targeted to priorities.

Dedicated Schools Grant:

On 19 December 2019 the Department for Education (DfE) announced the details of the School Funding Settlement following the Government's earlier announcement that national funding for schools and high needs would increase by £2bn for 2020/21, £4.8bn for 2021/22 and £7.1bn for 2022/23. The provisional announcement in July 2020 remained consistent with this statement.

The Dedicated Schools Grant (DSG) for Derby was split into four blocks; Schools Block, Early Years Block, High Needs Block and a Central School Services Block.

The 2021/2022 allocation for the DSG is £272.785m and was made up of four blocks of funding:

- Schools Block £204.737m (includes £8.496m mainstreamed pay and pension grants)
- Central School Services Block £3.130m
- High Needs Block £45.138m
- a) Early Years Block £19.780m.

The announced national increase in the Schools Block was around 4.3% although allocations to individual Local Authorities would be different as the levelling up to the National Funding Formula was different for each Council. Derby's increase was 3.6% excluding the teachers' pay and pension allocations (mainstreamed for the first time).

The High Needs Block had been increased by 11.8% circa £4.7m (this included £1.018m for the mainstreamed pay and pension grants). There continued to be significant challenges for the High Needs Block in Derby, this was a national position.

The Executive Scrutiny Board noted the report.

Decision

1. To note:
 - a) The outcomes of the Budget Consultation detailed in Appendix 8 and 9 and 10 and Scrutiny detailed in Appendix 11 of the report.

- b) The outcomes of the Executive Scrutiny Board of the 19th January detailed in Appendix 11 of the report and associated recommendations.
- c) The Section 25 Report of the Section 151 officer on the robustness of estimates and on the adequacy of the reserves 2021/22 to 2023/24 detailed in Appendix 6 of the report.
- d) The use of the S106 contributions detailed in section 5.3.7 of the report.

2. Subject to the above to recommend to Council to approve:

Revenue Budget

- a) Derby City Council's net budget requirement for 2021/22 of £256,372,732 subject to the finalisation of the Council's Council Tax for 2021/22.
- b) To increase the City Council element of Council Tax by 4.99% as set out in in section 4.9 of the report.
- c) The directorates revenue budget plans for 2021/22 to 2023/24 as set out in section 4.7 of the report and the revenue budget estimates as detailed in Appendix 3 of the report.
- d) The implementation of savings proposals included in Appendix 4a of the report.
- e) Subject to the completion and consideration, where relevant, of any further consultation exercises, equality impact assessments and assessments under Section 17 of the Crime and Disorder Act 1998.
- f) The commencement of appropriate procurement procedures to support the specific budget proposals listed in Appendix 4a of the report.

Reserves

- a) The use of reserves of £1.967m on a non-recurrent basis to smooth the timing differences on the collection fund for 2021/22.
- b) The reserves adequacy report as detailed in Appendix 6 of the report.

Capital

- a) The capital programme for 2021/22 and note the indicative capital programme for 2022/23 and 2023/24 as set out in section 5 of the report. A summary and detail was detailed in Appendix 12 of the report.
- b) To recommend that Council approve the additional borrowing outlined in section 5.1, 5.1.9 and 5.3.4 of the report.
- c) The MRP policy detailed in Appendix 14 of the report.

- d) The prudential indicators detailed in Appendix 15 of the report.
- e) The Capital Strategy attached at Appendix 16 of the report.
- f) Application of the Flexible Use of Capital Receipts Policy as outlined in section 5.3.6 and Appendix 19 of the report.

Dedicated Schools Grant

- a) The allocations of the Dedicated Schools Grant as detailed in section 6 of the report.
- b) The increase of Minimum Funding Level per pupil to £4,180 per primary school pupil and £5,415 per secondary aged pupil.
- c) The base rate element of the Early Years Funding for 2 year olds of £5.36 and 3/4 year olds £4.43 per hour.
- d) The application of the following formula criteria for 2021/22:
 - i. To implement a cap on growth above 2.91% per pupil and a scaling factor of 100%
 - ii. To set a Minimum Funding Guarantee of 0.5%.
- e) The transfer of £0.500m from the Schools Block to the High Needs Block.
- f) The use of the Dedicated Schools Grant Reserve to the value of £0.600m to support the 2021/22 Dedicated Schools Grant Budget,
- g) To approve the value of Growth Fund of £0.160m to be retained centrally and to continue with the infant class size funding of £0.3m.

3. To delegate:

- Approval to the Strategic Director of Corporate Resources to make necessary adjustments in order to retain a balanced budget for 2021/22.
- Approval to the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Finance and Procurement to permit movement of schemes (detailed within the 3-year capital approved programme) within and between financial years to facilitate delivery and agility in Capital Programme delivery. These would be subsequently reported in the quarterly financial monitoring reports.

MINUTES END