

# OVERALL DRAFT 2020/21 REVENUE AND CAPITAL BUDGET

## AGENDA ITEM NO. 16

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**MEETING:** POLICY AND RESOURCES COMMITTEE

**DATE:** 23<sup>RD</sup> OCTOBER 2019

**REPORT BY:** FINANCE MANAGER

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### **1.0 Purpose of the Report**

- 1.1 The purpose of this report is to set out for Members' consideration and approval the Council's overall draft 2020/21 Revenue Budget and Capital Programme Budget.
- 1.2 The report also asks Members' to provisionally agree the proposed level of Precept and increase to the Town Council Tax for next year and note the likely movement on the Council balances and reserves.

### **2.0 Background to the Report**

- 2.1 Members approved the Budget Framework and Timetable for the setting of the Council's 2020/21 Revenue and Capital Budgets at the meeting of the Policy and Resources Committee on 11<sup>th</sup> September.
- 2.2 The Budget Framework provided details of the background to the budget setting process, linked to the Medium-Term Financial Plan, and set out the key principles to be applied and the budget setting methodology.
- 2.3 The Budget Timetable provided the timeframe for the setting of the budgets and the reporting of the draft budget to the various Committees and Working Groups of the Council.
- 2.4 The draft 2020/21 Revenue and Capital Budgets have subsequently been developed and agreed by senior officers and the Chairmen and Vice Chairmen of Committees, and the draft budgets for each committee have now been reported to and considered by the Recreation, Environment and Policy and Resources Committees.
- 2.5 This report brings together the budget figures from the draft 2020/21 Recreation, Environment and Policy and Resources Committee Revenue and Capital Budgets to present the overall draft Revenue and Capital Programme Budget for the Council for next year.
- 2.6 More importantly, the report sets out what the proposed 2020/21 Revenue Budget will mean in terms of the level of Precept and Town Council Tax for next year, and also how the proposed Revenue and Capital Budgets will impact upon the level of the Council's Balances and Earmarked Reserves moving forward.

### **3.0 Current Financial Situation and Medium-Term Outlook**

- 3.1 Members will be aware from previous reports, the financial backdrop against which the draft 2020/21 Revenue and Capital Budget has been developed.
- 3.2 The Council's Medium-Term Financial Plan concluded that the Council is currently in strong financial health, with ongoing savings on the Revenue Budget, good progress in delivering the Asset Management Plan, and healthy levels of balances and reserves.
- 3.3 The Council therefore has strong foundations in place and the financial outlook for the next five years is relatively positive.
- 3.4 The Medium-Term Financial Plan highlighted that the Council is likely to be able to deliver a balanced Revenue Budget over the next five years that will ensure the delivery of the Council's strategic aims and the maintenance of current services, whilst preserving a small contingency budget and a £75,000 annual contribution to capital reserves.
- 3.5 The decision to increase the Town Council Tax by 5% this year, and boost the top-up to capital reserves, has contributed towards this improved financial situation, and has addressed the key financial risk of diminishing balances and reserves.
- 3.6 The Plan forecast that an annual council tax increase of between 2% and 3% would now be required in each year moving forward.
- 3.7 In relation to the Capital Programme Budget, the Plan highlighted that the Council is still facing potentially significant commitments relating to investment in its assets over the medium term, of up to £1 million.
- 3.8 Whilst the funding of this capital investment will undoubtedly see the Council's balances and reserves fall back over the five years, this will now be mitigated by the annual £75,000 top up to capital reserves and anticipated savings on the Revenue Budget.
- 3.9 In overall terms, the Council's current financial situation and the outlook for the next five years are much improved on where they were a year ago, and the implementation of the Medium Term Financial Plan will help the Council to build on these strong foundations and maintain a healthy financial position for at least the next five years, whilst maintaining services and providing improved value for money to local taxpayers through lower increases in the Town Council Tax moving forward.
- 3.10 The 2020/21 Revenue and Capital Budget has been prepared in line with the four key principles from the Medium-Term Financial Plan:-
- Maintaining services and ensuring a balanced Revenue Budget;
  - Ensuring the continued delivery of the Asset Management Plan via the Capital Programme Budget;
  - Safeguarding a prudent level of balances and reserves; and
  - Keeping any future increases in council tax as low as possible.

#### 4.0 Overall Draft 2020/21 Revenue Budget

- 4.1 The draft 2020/21 Revenue Budget has been developed in line with the key principles from the Medium-Term Financial Plan of maintaining services and ensuring a balanced Revenue Budget whilst keeping any required increase in the Town Council Tax as low as possible.
- 4.2 Additional budget provision has been made for forecasts of inflation, pay awards, pension increases and any other unavoidable or committed increases in costs or falls in income.
- 4.3 Whilst savings have not been required in order to balance the 2020/21 Revenue Budget, service managers have been encouraged to identify efficiency savings in order to help demonstrate the achievement of value for money to local council tax payers.
- 4.4 Any identified savings have been used in one of the following ways:-
- reinvested in priority service areas such as the Council's planned increase in spending on community events next year;
  - used to maintain the contingency budget and contribution to capital reserves, thereby providing surplus resources to help offset future years' budget pressures and top up balances and reserves; and
  - utilised in restricting the council tax increase next year.
- 4.5 Based on the draft 2020/21 Policy and Resources, Recreation and Environment Revenue Budgets already reported to committees, an overall summary of the draft 2020/21 Revenue Budget is attached at Appendix 1. A summary is set out below for Members consideration:-

<b>Overall Summary of Draft 2020/21 Revenue Budget</b>					
<b>Budget 2019/20 £</b>	<b>Budget Description</b>	<b>Inflation and Committed Growth £</b>	<b>Investment in Services £</b>	<b>Savings and Increased Income £</b>	<b>Budget 2020/21 £</b>
797,350	Policy and Resources	71,150	-	(60,650)	807,850
759,550	Recreation	47,350	61,000	(61,500)	806,400
178,500	Environment	1,750	-	(9,900)	170,350
12,500	Contingency Sum	-	-	(2,500)	10,000
75,000	Contribution to Reserves	-	-	-	75,000
(161,850)	Less Council Tax Grant	3,500	-	-	(158,350)
<b>1,661,050</b>	<b>Council Precept</b>	<b>123,750</b>	<b>61,000</b>	<b>(134,550)</b>	<b>1,711,250</b>
<b>6,791.1</b>	<b>Council Tax Base</b>				<b>6,842.6</b>
<b>244.59</b>	<b>Band D Council Tax</b>				<b>250.09</b>
<b>163.06</b>	<b>Band A Council Tax</b>				<b>166.73</b>
<b>4.99%</b>	<b>% Increase / (Decrease)</b>				<b>2.25%</b>

- 4.6 The draft 2020/21 Revenue Budget as summarised on the previous page, would lead to a **requirement to set a 2020/21 Precept of £1,711,250.**
- 4.7 This is an increase of £50,200 or 3% on the 2019/20 Precept.
- 4.8 Based on the provisional Council Tax Base figure, as notified by Durham County Council of 6,842.6, **this Precept would result in a required increase in the Town Council Tax next year of 2.25%.**
- 4.9 This is less than the increase of 2.9% which was forecast in the Medium-Term Financial Plan.
- 4.10 Further details on the calculation of the Town Council Tax are set out in Section 5 of the Report.
- 4.11 A summary of the key changes to the draft 2020/21 Revenue Budget is provided in the following section of the report. A more detailed breakdown of the various increases and decreases in the Revenue Budget is included within Appendix 1.

### **Inflation, Pay Awards, and Other Unavoidable Budget Increases**

- 4.12 The 2020/21 Local Government Pay Award has yet to be agreed between the National Joint Council for Local Government Services and local government unions.
- 4.13 The 2019/20 pay agreement implemented a new Local Government Pay Scale with a starting hourly rate of £9.00 per hour and equal increments of 2% between pay grades. Now that this pay scale is established, it is likely that pay increases moving forward will be at a flat rate across the board rather than 'bottom loaded' as they have been in recent years.
- 4.14 The unions have made a claim for a 10% increase in pay for all local government staff. However, this level of increase is very unlikely to be affordable for councils and an increase more in line with the current rate of inflation is considered the most likely outcome.
- 4.15 An increase of 2% has been provided for in the 2020/21 staffing budgets pending confirmation of the 2020/21 Local Government Pay Award.
- 4.16 If a higher pay award was subsequently agreed this would be funded either via use of the contingency sum, identifying savings elsewhere in the budget, or from a higher council tax increase, when the final Revenue Budget is considered and agreed in December and January.
- 4.17 An increase in employers' pension contributions has also been assumed as 2020/21 marks the start of a new three-year pension fund valuation cycle by Durham County Council. It is expected that contributions will need to increase, and it has been assumed that the Council's employers' contribution rate will rise from 19.1% to 20.5%. The staffing budget is based on all current members of the pension scheme and assumes that any new staff *will* join the scheme.
- 4.18 The staffing budget is based on the latest approved staffing structure of the Council, and therefore incorporates the recent approved changes to the central establishment and the management and administration of

- events, which saw the deletion of the Leisure and Environment post, the addition of a new Events Officer post and the unfreezing and making full time working hours of the vacant Administration Assistant post.
- 4.19 Provision for inflation has also been made, but only where the increase is unavoidable. Examples include business rates, utilities costs, vehicle fuel, bar supplies, service agreements and machine rentals.
- 4.20 Additional budget provision has also been put in place to meet any other committed or unavoidable increases in costs, such as salary increments due to officers, provision for mileage claims by Council Members, increased information technology costs linked to the possible move to paperless office and governance, and increased purchases of bar, catering and golf shop stocks linked to the increase in sales.
- 4.21 Finally, provision has been made for any reductions in income such as the fall in sports complex five a side football usage and in gaming machine takings.
- 4.22 The total increase required to the draft 2020/21 Revenue Budget arising from pay awards, inflation, other unavoidable budget increases and falls in income, is £123,750 or 7.5%.

### **Council Tax Support Grant Funding**

- 4.23 The 2020/21 Revenue Budget also needs to provide for any cuts to the Council Tax Support Grant funding on which the Council is currently reliant to a total of £161,874 per year.
- 4.24 Durham County Council have recently advised that the Council Tax Support Grant passed on to Town and Parish Councils will not be cut next year. This is linked to the improvement in the County Council's own funding situation.
- 4.25 The letter received from Durham County Council explaining the latest position with regard to this issue is attached at Appendix 2.
- 4.26 The letter confirms that the Council's Council Tax Support Grant allocation for 2020/21 be £158,344. This is a reduction of £3,530 or 2.2% year on year.
- 4.27 This reduction reflects Durham County Council's allocation formula for the Council Tax Support Grant rather than a grant cut and reflects the fact that the Council's Tax Base has increased as a result of new housing development rather than a cut in the rate of the grant.
- 4.28 The grant reduction is much less than forecast in the Council's Medium-Term Financial Plan and represents an improvement in the Council's financial situation.

### **Additional Investment in the Revenue Budget**

- 4.29 The 2020/21 Revenue Budget also provides for the planned additional investment by the Council in community events moving forward.
- 4.30 The Events Budget therefore provides for the new Events Officer staff post, the doubling of the Large Community Events Budget from £20,000

to £40,000, and the addition of a small budget for internal events at the Sports Complex.

- 4.31 Total additional investment in events for next year is £61,000.
- 4.32 No further provision has been made for any new investment of a discretionary nature in the Revenue Budget, either in existing services or new initiatives.
- 4.33 There would be some limited scope for further investment next year, by making use of some or all of the resources set aside in the Revenue Budget Contingency Sum.
- 4.34 However, should Members wish to see any significant further additional investment in the Revenue Budget of a recurring or on-going nature, this would need to be delivered in one of two ways:-
- The consideration of a further increase in the Precept and therefore the Town Council Tax; or
  - The identification of savings or budget reductions elsewhere in the Revenue Budget.

### **Efficiency Savings, Budget Reductions and Increased Income**

- 4.35 A number of savings, reduction of under-utilised budgets and increased income have been identified in the Revenue Budget which has helped to offset some of the increases in costs, falls in income and additional investment in community events, as highlighted above.
- 4.36 This process has been helped by the fact that the Council continues to deliver savings on the Revenue Budget in the current financial year.
- 4.37 There was a significant saving in staffing costs from the deletion of the Leisure and Environment post. These resources were used to part fund the creation of the new Events Officer post and the unfreezing of the Administration Assistant post.
- 4.38 There have been further savings on staffing costs from reduced hours linked to flexible retirements and the reduction of staff cover and overtime budgets across all services.
- 4.39 There have also been a number of savings in running costs as a result of procurement and tendering exercises and the agreement of new contracts with suppliers. For example, the Council agreed a new three-year long-term agreement for its insurance policy which generated a saving of more than £11,000 per year, and a new contract for its cash collection service at a saving of £3,000 per year.
- 4.40 There will also be a saving next year on loan repayment costs as one of the Council's outstanding PWLB loans is due to be repaid halfway through next year. This will save around £6,000 per year.
- 4.41 There have been further savings from the removal of budgets that are no longer required or from the reduction of under-utilised budgets. For example, the civic car budget has been removed, the pre-school consultancy budget has been halved to provide for the reduced level of support required, while the corporate consultancy and office stationery

and printing budgets have also been reduced in line with reduced actual spending in recent years.

- 4.42 Finally, income is up in a number of areas. There has been a substantial increase in sports complex bar income, while driving range takings, golf shop sales and cemeteries income are all significantly up on budget.
- 4.43 Total savings, budget reductions and increased income identified in the draft 2020/21 Revenue Budget amount to £134,550 or 8.1%.

### **Contingency Sum and Contribution to Capital Reserves**

- 4.44 The Revenue Budget Contingency Sum has been set at £10,000. This budget provides scope to deal with any unforeseen budget pressures that may arise during the year.
- 4.45 The Contribution to Capital Reserves has been fixed at £75,000. This budget enables the partial replenishment of the Council's balances and reserves each year, in the line with the recommendation in last year's Medium-Term Financial Plan.

### **Council Tax Referendum Principles and Limit on Council Tax Increases**

- 4.46 The Government confirmed in the 2018/19 Local Government Finance Settlement that any consideration of the extension of council tax referendum principles to higher spending parish and town councils would be deferred for three years i.e. until the end of the 2020/21 year.
- 4.47 This decision was conditional upon *“the sector taking all available steps to mitigate the need for council tax increases, including the use of reserves where they are not already earmarked for other uses or for ‘invest to save’ projects which will lower ongoing costs”*, and the Government *“seeing clear evidence of restraint in the increases set by the sector as a whole”*.
- 4.48 The draft 2020/21 Revenue Budget currently indicates a required increase in the Town Council Tax of 2.25%, which is broadly in line with the current rate of inflation and pay award, and the lower future increases in council tax forecast in the Medium-Term Financial Plan.
- 4.49 While the Council needs to be aware of the Government's call for restraint, the absence of referendum principles for 2020/21 does provide the Council with the option of increasing the council tax by a higher amount, if necessary, for example in the event of the agreement of a significant local government pay award next year.

### **Future Budget Developments**

- 4.50 It is important to stress that the 2020/21 Revenue Budget remains a *draft budget* and the Council will need to respond to any further developments between now and the end of January, when the Precept is due to be set.
- 4.51 The key issues that may result in changes to the draft 2020/21 Revenue Budget are the outcome of the local government pay negotiations, following the lodging of a 10% pay claim made by the unions, and the

final notification of the Council Tax Base and Council Tax Support Grant figures by Durham County Council.

- 4.52 A budget update report will be presented to the next Policy and Resources Committee on the 4<sup>th</sup> December 2019, should this be required, to deal with the outcome of these issues, and any other significant developments affecting the setting of the final 2020/21 Revenue and Capital Budgets.

### **Fees and Charges**

- 4.53 The Revenue Budget does *not* provide for any increases in fees and charges for services such as the sports complex, golf complex, football pitches, pre-schools, cemeteries and allotments.
- 4.54 Fees and charges are considered outside of the budget setting process by the Council's Charges Working Group and it has been previous Council policy *not* to build any increases into the Revenue Budget.
- 4.55 This means that any additional income that is then generated from fees and charges increases next year, would therefore provide surplus resources within the 2020/21 Revenue Budget, helping to generate savings and providing a boost to Council balances and reserves.

### **5.0 2020/21 Council Tax**

- 5.1 The Town Council Tax is calculated using the 'Tax Base' figure for the Great Aycliffe Parish.
- 5.2 The Tax Base is calculated by Durham County Council, as the Council Tax Billing Authority, for every Parish in the County.
- 5.3 The Tax Base is a calculation of the number of 'chargeable' properties in the Great Aycliffe Parish for council tax calculation purposes.
- 5.4 The total number of properties in the Parish is adjusted to take account of the numbers of households in receipt of council tax benefits, discounts and exemptions, as well as empty properties, and the council tax collection rate.
- 5.5 The Town Council Tax is calculated by dividing the Council Precept by the Tax Base figure. This provides the Band D Council Tax figure.
- 5.6 The Council's 2019/20 Tax Base figure was 6,791.1 properties.
- 5.7 The **Tax Base figure for 2020/21** has been provisionally notified by Durham County Council, at **6,842.6**. This is an increase of 52 properties and has been driven by the ongoing housing development in the Parish.
- 5.8 The letter received from Durham County Council in relation to the provisional tax base figure is attached for Members' information at Appendix 2.
- 5.9 **The draft 2020/21 Revenue Budget as set out earlier in this report would result in a draft 2020/21 Precept of £1,711,250.**



- 5.10 The draft 2020/21 Precept of £1,711,250 divided by provisional 2020/21 Tax Base figure of 6,842.6 **would result in a Town Council Tax at Valuation Band D next year of £250.09.**
- 5.11 **This is an increase of £5.50 per year on the current Band D Town Council Tax, representing a rise of 2.25%.**
- 5.12 **The Town Council Tax at Valuation Band A**, which is the valuation band within which nearly 60% of the properties in the Parish are currently valued, **would increase by £3.67 per year to £166.73. This equates to an increase of 31p per month.**
- 5.13 As highlighted earlier in the report, the Government has previously confirmed that the extension of council tax referendum principles to higher spending parish and town councils will be deferred for three years i.e. until the end of the 2020/21 year.
- 5.14 The Council therefore has complete freedom in setting the Town Council Tax next year.
- 5.15 The proposed increase for 2020/21 of 2.25% is less than the forecast rise of 2.9% indicated in the Medium-Term Financial Plan.
- 5.16 A small increase in the Town Council Tax is considered to be a prudent course of action bearing in mind the financial pressures facing the Council both at the present time and in the future and balanced against the need to deliver value for money to local tax payers and keep council tax increases to a minimum.
- 5.17 This increase will not only enable the Council to maintain services next year, it will also enable additional investment in community events and the ability to maintain a small contingency sum and the £75,000 contribution to capital reserves within the Revenue Budget.
- 5.18 This will ensure that the Council can continue to replenish its earmarked capital reserves at a time when they are likely to be depleted financing capital investment over the coming years, thereby avoiding the need to take out additional borrowing in the longer term.
- 5.19 It will also ensure that some surplus resources are available to fund any additional or unforeseen budget commitments, and provide limited scope to offset future budget pressures, which will help the Council to balance the Revenue Budget in subsequent years, without cutting services.
- 5.20 Moving forward there are likely to be further increases in the Council Tax Base in subsequent years, particularly bearing in mind some of the new housing developments currently either on-going or planned for the future in the Parish.
- 5.21 However, it is not considered prudent to take these housing developments into account until they have actually been realised in future tax base growth, although any significant future increase in the Tax Base would help to balance the Revenue Budget in the longer term and restrict any required council tax increases.
- 5.22 The final 2020/21 Tax Base and Council Tax Support Grant figures are due to be notified by Durham County Council in December.

5.23 The financial implications of any changes arising from this will be reported to Members in December or January.

## **6.0 Draft 2020/21 Capital Programme Budget**

6.1 The Council's approved Asset Management Plan and Medium-Term Financial Plan provide the main drivers for the development of the Council's Capital Programme Budgets over the medium and long term.

6.2 The Asset Management Plan sets out the capital investment likely to be required to ensure that all of the Council's fixed assets i.e. its land, buildings, plant, vehicles, machinery, play areas, street equipment and office equipment, continue to effectively meet the Council's strategic aims and the operational requirements of its services over the long term.

6.3 The Medium-Term Financial Plan highlighted a risk linked to the potentially significant capital investment commitments facing the Council over the medium to longer term and the need to ensure that the Council's balances and reserves can be maintained at prudent levels whilst funding these commitments.

6.4 In light of this, the Council has agreed that future capital investment will be closely controlled and scrutinised and the 2020/21 Capital Programme Budget has been prepared on the basis of only essential capital investment, mainly linked to the delivery of the Asset Management Plan, being included.

6.5 The Medium-Term Financial Plan included an indicative five-year projection of the likely Capital Programme Budgets, for the years 2019/20 to 2023/24, and identified capital projects for 2020/21 totalling £218,750.

6.6 The 2020/21 Capital Programme Budget has been prepared largely on the basis of the investment already identified in the Medium-Term Financial Plan, adjusted for any changes in costs, the delaying or removal of any non-essential investment, as well as the addition of any new projects identified by managers as being of an essential nature e.g. tree works relating to Ash dieback disease.

**6.7 The draft 2020/21 Capital Programme Budget is attached at Appendix 3 and currently stands at £269,500.**

6.8 The budget includes provision for the following projects:-

- Replacement of the flat roof, insulation improvements, installation of LED lighting and internal redecoration at the Council Offices;
- Separation tank cleaning at the depot;
- Internal and external redecoration at St Oswald's Pre-School;
- A replacement mini-excavator machine;
- A replacement ride-on mower machine;
- Replacement tyres for the works tractor;
- Electrical alternatives for petrol powered works machinery;
- Computer and server replacement and website development;
- The ongoing programme of replacement festive lighting;
- External repainting at Moore Lane Pavilion;

- The ongoing programme of play area surfacing replacement;
- Possible refurbishment of Woodham Park play area;
- External metalwork painting at the driving range;
- Replacement tee mats for the driving range and golf course;
- Ongoing provision for drainage repairs at the sports complex;
- Replacement of the squash courts flooring at the sports complex;
- Replacement fencing at St Oswald's Allotments;
- Removal and replanting of trees affected by Ash dieback disease;
- The ongoing programme of footpath repairs.

6.9 Detailed information on each of above projects included within the draft 2020/21 Capital Programme Budget was set out in the Committee Budget Reports and has not therefore been repeated in this report.

6.10 It is likely that some capital projects from the current financial year will be delayed and carried forward to 2020/21. These projects include information technology improvements to facilitate the possible move to offsite 'cloud' servers and paperless office and governance.

6.11 The proposed 2020/21 Capital Programme will ensure the continued delivery of the Council's Asset Management Plan and will keep all major building works and replacements of vehicles, machinery, office equipment, street equipment and play equipment on schedule.

6.12 The Capital Programme Budget will be funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.

6.13 The Council will continue to seek opportunities to secure external capital grants or contributions such as Community Infrastructure Levy and Section 106 Agreement monies, Durham County Council Members Initiative Fund contributions and funding from the Great Aycliffe and Middridge Area Action Partnership, and any external funding that is secured would provide resources over and above those set aside in the draft 2020/21 Capital Programme Budget.

## **7.0 Council Balances and Earmarked Reserves**

7.1 The draft 2020/21 Revenue and Capital Programme Budgets have been prepared on the principle of ensuring that the Council's Balances and Reserves can be replenished and therefore maintained at sufficient levels to support future years' capital spending commitments.

7.2 **Council Balances and Earmarked Reserves are expected to stand at around £1.175 million at the end of the 2019/20 financial year,** based on the expected outturn projection reported to this meeting.

7.3 This is around £200,000 better than anticipated in the current Medium-Term Financial Plan and is as a result of the actions taken by the Council in putting in place an increased contribution to capital reserves, reviewing and restricting non-essential capital expenditure, and the savings that continue to be achieved on the 2019/20 Revenue Budget.

7.4 After accounting for the funding of the draft 2020/21 Capital Programme Budget of £269,500 and the forecast 2019/20 Capital Programme carry forward of £91,750 from earmarked reserves next year, whilst providing for the £75,000 contribution to capital reserves, and assuming that there

will be no use of the Revenue Budget contingency sum and Revenue Budget savings of 5% next year, **Council Balances and Reserves would fall to around £975,000 by the end of 2020/21.**

- 7.5 Whilst balances and reserves have now begun to fall from the peak of £1.25 million seen in early 2018 and are likely to continue to fall year on year moving forward, this is still considered to be a prudent level of balances to support the Council's medium-term capital investment requirements particularly bearing in mind the contribution to capital reserves now included in the Revenue Budget.
- 7.6 This contribution to capital reserves enables the Council's balances and reserves to be 'topped up' each year, while balances would be further boosted if savings continue to be achieved in the Revenue Budget.
- 7.7 A full analysis of the likely movement on the Council's Balances and Reserves as a result of the proposed 2020/21 Revenue and Capital Budget is attached at Appendix 4.

## **8.0 Consultation on the 2020/21 Budget**

- 8.1 It is important that the Council consults with local tax payers on its future spending plans and takes those views into account when making spending decisions and setting the annual budgets.
- 8.2 In previous years, the Council has sought the views of local taxpayers via an online budget survey, promoted via the Council website, local press, social media and Council newsletter, as well as holding a budget consultation event with the Council's Customer Panel group.
- 8.3 Public engagement with the online budget survey has been relatively successful with a decent number of responses received each year. A total of 27 responses were received to last year's survey.
- 8.4 Unfortunately, interest in the budget consultation meeting with the Customer Panel has waned in recent years, cumulating in only one member of the public attending last year's meeting.
- 8.5 The Council agreed in approving the 2020/21 Budget Framework that it would be more productive to hold two 'drop in' budget consultation sessions, as part of a wider Town Council 'open day' event.
- 8.6 The events are to be held during November, with one evening event at the youth centre and one weekend morning event in the town centre.
- 8.7 The events will allow members of the public to pop in at a time convenient to them, providing them with the opportunity to find out more about the services provided by the Council, view the budget proposals, speak to senior officers and Members, including the Chairmen and Vice Chairmen of Committees, raise any concerns, and complete the Town Council satisfaction survey and budget survey.
- 8.8 The events would coincide with the issue of the online Town Council satisfaction survey and budget survey, which would be widely publicised on the Council website, in the local press (Newton News and Aycliffe Today), local radio (Aycliffe Radio), the Council's social media channels (Facebook and Twitter) and in the Council newsletter.

8.9 Feedback from the budget consultation will be reported to members in order to inform the final decisions regarding the setting of the Council Budget in December and January.

## **9.0 2020/21 Budget Setting Timetable**

9.1 The remaining timetable for the setting of the 2020/21 Budgets is summarised below:-

- **November:** Open Days and Budget Consultation Events and the issue of the Town Council satisfaction survey and budget survey;
- **November and December:** Consideration of feedback from the October committee meetings and the budget consultation, and development of the final budget proposals, following the final notification of the Council Tax Support Grant and Council Tax Base figures by Durham County Council;
- **4<sup>th</sup> December:** Budget update report to Policy and Resources Committee setting out details of the above, if required;
- **22<sup>nd</sup> January:** Final 2020/21 Revenue and Capital Budgets to be reported to and approved by Policy and Resources Committee;
- **29<sup>th</sup> January:** 2020/21 Precept to be approved by Full Council and Council Tax increase to be declared.

## **10.0 Policy Implications**

10.1 The approval of the draft 2020/21 Revenue and Capital Budgets contributes towards the achievement of Strategic Aim 2 in the Council's Service Delivery Plan:

*"To manage the Council's finances and assets in a responsible manner".*

## **11.0 Staffing Implications**

11.1 The draft budget proposals set out in this report were prepared in consultation with service managers and were discussed and agreed at a meeting of the Performance Management Group on 25<sup>th</sup> September.

## **12.0 Financial Implications**

12.1 The financial implications for the Council are fully set out in the report.

## **13.0 Crime and Disorder Implications**

13.1 None.

## **14.0 Equal Opportunities Implications**

14.1 None.

## **15.0 Environmental Implications**

15.1 None.

## **16.0 Risk Assessment**

- 16.1 The draft 2020/21 Revenue and Capital Programme Budgets have been prepared with regard to the key accounting principle of prudence, and the levels of balances and contingencies included within the Revenue Budget are considered to be adequate.
- 16.2 A full risk assessment will be included in respect of the setting of the Council's 2020/21 Budget, at the final stage of the budget setting process, when the Council determines and approves the 2020/21 Precept.

## **17.0 General Data Protection Regulations (GDPR)**

- 17.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

## **18.0 Recommendations**

- 18.1 It is recommended that Members:-
- a) Consider and agree the attached overall summary of the draft 2020/21 Revenue and Capital Budget, including:-
    - The draft 2020/21 Precept of £1,711,250;
    - The proposed increase in the Town Council Tax of 2.25%;
    - The draft 2019/20 Capital Programme Budget of £269,500;
    - The expected fall in the Council's Balances and Reserves to £975,000 by the end of the 2020/21 year.
  - b) Provide any comments, feedback and proposed amendments to the 2020/21 draft Revenue and Capital Budgets to the Chairman or Vice Chairman of the Committee as soon as possible;