REPORT TO: MORAY COUNCIL ON 30 NOVEMBER 2021

SUBJECT: SHORT TO MEDIUM TERM FINANCIAL PLANNING

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

1.1 To inform the Council of the updated financial projections for 2021/22, 2022/23 and 2023/24.

1.2 To consider the factors underpinning the indicative capital plan for 2022 to 2032.

1.3 This report is submitted to Council in terms of Section III (A) (2) of the Council's Scheme of Administration relating to considering Capital and Revenue budgets and long term financial plans.

2. RECOMMENDATION

2.1 It is recommended that the Council:

(i) Notes the revised budget estimates for 2021/22, 2022/23 and 2023/24;

(ii) Notes the emerging budget pressures summarised in paragraph 3.2;

(iii) Notes the requests for service redesign and realignment summarised in paragraph 3.8;

(iv) Notes the recent capital plan review as described in paragraphs 3.17 to 3.37;

(v) Approves funding for small scale service improvement as set out in paragraph 3.11;

(vi) Approves further use of covid ear-marked reserves as set out in paragraph 3.12; and

(vii) Approves savings of £73,000 for 2022/23 as set out in paragraph 3.16.

3. BACKGROUND

3.1 As approved by Council at its meeting on 20 September 2021 (paragraph x of the Minute refers), Heads of Service have been asked to identify budget pressures for their services and potential redesign proposals to build on the Improvement and Modernisation Programme (IMP) approach and look for opportunities to develop preventative work, demand management and other transformation of service with a view to generating efficiencies in the medium to long term. This is an initial scoping exercise and a further request for this will be made in December, to feed into the budget setting process.

Budget pressures

3.2 The Council has always recognised budget pressures as part of its financial planning process. Budget pressures arise from a range of causes: changing legislative requirements, increased demand, contractual obligations, new government policies and priorities. The drivers for change for different services need to be recognised to assist onward planning and this should form part of the budget setting process where at all possible. Emerging budget pressures are being monitored. A firm estimate of the impact of increased energy prices has already been reported and an indicative estimate to cover other emerging budget pressures has been included in the updated overview at **APPENDIX 1.** Work to refine these will continue. .

3.3 As reported to the Economic Development and Infrastructure Services Committee on 19 October 2021 (paragraph x of the Minute refers) Scotland Excel has reported rising energy costs. The Council has been protected from these in 2020/21 due to the future purchase of energy under the Scotland Excel contracts but these increases are now featuring in costs going forward and increased costs of £411,000 in 2022/23 and a further £214,000 in 2023/24 are now expected on current rates of consumption. The school estate accounts for around 70% of the Council's energy consumption and under the current DSM scheme schools energy costs are fully funded, based on historical consumption. Other inflationary costs are starting to come through, and recent increases on the contractual prices for purchase of meat give rise to a budget pressure of £50,000. Inflation appears to be on an upward trajectory, with predictions of a peak in early 2022 and further pressure from contract inflation seems likely.

3.4 Scottish Government have committed to reducing teachers' class contact time by 1.5 hours per week. Scottish Negotiating Committee for Teaching Staff (SNCT) have approved a new career pathway for teachers, introducing a lead teacher post. Both these developments have implications for schools devolved budgets. Scottish Government have also issued revised guidelines for Devolved School Management (DSM) schemes, which should be implemented by April 2022. There will be on-going budget pressure arising from the reduction in class contact time and new career pathway but meantime there is a pressure related to creation of a project officer post to work on the wider issues.

3.5 The Planning Act 2019 and National Planning Framework (NPF) 4 introduce further requirements for the planning process. The requirements for policies to deliver net zero, identify and register self-build opportunities, and role of planning in health and wellbeing can all be met within existing resources. However, there are a range of other requirements which cannot be met from existing resources: preparation of a Regional Spatial Strategy (RSS) and delivery of RSS projects; introduction of Masterplan consent areas, a new planning control offering the opportunity for fast tracking to development on the ground and supporting the local economy; increase in requirements for the Evidence report for the Local Development Plan (this will also involve other services); potential for work on Local Plans to support local communities, along with Community Support and NHS Grampian; a greater focus on Open Space Strategy, Forest and Woodland Strategy and Town Centre Regeneration. The proposed response to these pressures is to establish a Senior Planning Officer post on a permanent basis. A post at senior grade is needed due to the nature of the strategies under development and ability to work with a high degree of insight and autonomy to frame and consult on these.

3.6 Legislation relating to records management, the protection of data and access to information has developed significantly over recent years, with the expectations of regulators and the public also increasing as well as the volume and complexity of requests for information. There is significant risk to the Council in terms of inspections and fines if we do not have appropriate systems and processes in place. There is also an imminent requirement to consider the location of both the Records Store and Archives in response to National Records Scotland requirements (Archives) and internal estate management requirements (Records Store). There needs to be a close link with Information Security roles in ICT in relation to Cyber Security (which is an increasing risk to the Council). .

3.7 The Council has an obligation arising from the Scottish Joint Negotiation Committee (SJNC) agreement 2018-21 to consolidate the Scottish Living Wage into our pay structure. Independent consultants have developed options for consideration and these have been costed. As the outcome of negotiations is not yet known an indicative amount has been included in this report.

Service redesign and realignment

3.8 Consideration of service redesign and realignment takes place in the context of priorities, possibility of preventative spend and demand management, longer term efficiencies and is an area where the Council has more discretion than budget pressures. Development of options have been reported to Group Leaders but it is too early in the budget setting process to consider detail as the Council's overall financial position and therefore room for manoeuvre remains uncertain. An indicative amount of £180,000 has been included in the updated overview in recognition that the Council will want to reshape budget to fund priorities, even if the scope for doing this on a recurring basis is limited at present. Options will be detailed and brought back as part of the budget setting process.

3.9 Schools real time data and Performance Indicators (PIs): The service has identified a requirement for up to date data around a range of key indicators including the Local Government Benchmarking Framework and also a system of real time data for users – there are systems available and an options appraisal would need to be developed. Gathering of data for the Learning Estate Programme (e.g. trend date and sensitivity analysis around school roll forecasts) would enable better management and mitigation of risks as the programme develops. This information could be used to support the Council priority of improved educational attainment and to that extent could be viewed as preventative in the medium to long term, albeit direct savings cannot be identified. Given the current investment in improving attainment and wellbeing, this would appear to be a reasonable adjunct to help to monitor and inform progress.

3.10 Youth Work (Buckie and Forres): There are Third Sector youth work providers with dedicated premises in Keith and Elgin, but not in Buckie or Forres. There has been a perception of increased anti-social behaviour in both of these communities during the pandemic. The proposal is for a pilot scheme led by a new youth work team working in partnership to develop new community led youth projects and safe spaces for young people to meet. Transformation investment could be guided by Participatory Budgeting (PB) with young people involved in the decision-making process. This would be a preventative approach, aiming to reduce vandalism and other anti-social behaviour and to improve young people's health and well-being, with potential to generate reduction in spend on the consequences of anti-social behaviour over time.

Small scale service improvements

3.11 At its meeting on 24 August 2021, the Economic Growth, Housing and Environmental Sustainability Committee (paragraph x of the Minute refers) approved funding of £100,000 for small scale service improvements. One proposal for use of this fund is put forward for consideration and recommended to be supported. The proposal is to digitise the title deed safe, a one-off project to scan and index the approximately 5,000 property titles/title packages/legal documents held in the secure title safe. These need to be accessed by solicitors and estates surveyors on a daily basis. They are also copied to the wider public for a fee. Accessing these records is cumbersome given the layout of the safe and requires a physical visit. Deeds often go missing and there is a cost associated with getting replacement deeds from Registers of Scotland. Both legal and estates sections are facing the challenge of an increase in workload (the Council's leasing portfolio is increasing) with static or diminishing staffing resources and staffing pressures within Legal Services in particular are significant. The proposal would help alleviate this workload pressure by freeing up some staff time. Across Legal Services and Estates it is estimated that 10 hours a week staff time is spent accessing files and this time would be saved, giving a more efficient service. Titles are currently in a standalone system but it may be possible to make links with wider council records management systems such as the GIS digital mapping system. The project should give improved economic development outcomes, as quicker access to title records means that business leases can be agreed quicker, giving tenants access to properties and maximising rental income, and will assist in external market property transactions. A one-off cost of £75,000 for a specialist contractor is estimated.

Use of reserves

3.12 The Council at its meeting on 20 September 2021 (paragraph x of the Minute refers) approved use of £10.128 million covid ear-marked reserves. A further £87,000 is recommended to be allocated from covid earmarked reserves with an adjustment of £500,000 to the amount previously approved as summarised below:

	Para	Allocation £000s	£000s
Covid ear-marked reserves @ 31 March 2021			16,421
Approved allocation 24/08/2021		10,128	
Test and Protect admin staff (approved Corporate Committee 12 October 2021)		10	
Mental Health and wellbeing (approved when budget set 03/03/2021)		275	
Economic Recovery (approved 28/10/2020)		219	
Community Council elections (approved 30/06/2021		14	
HR support for Education recovery (approved 30/06/2021)		14	
Transfer from funded by general reserves: Summer activities One-off costs Living Wage consolidation Learning Estate review team		 10 30 243	
Continuation of Flexible Food Fund (balance of funding)		248	
Emerging issues:			
Registration service	3.13	48	
Home schooling	3.14	63	
Reduction in projected income shortfall	3.15	(500)	
TOTAL		10,802	

3.13 From statistics required to be reported as part of the response to the pandemic, it has become evident that over a seven week period up to 27 August the number of deaths was 38% higher than the average for the last 5 years, not including the Covid effect last year, and the trend is an increasing one. This has resulted in an increase in both the number of registrations required which take longer due to the restrictions on how these can take place, as well as the burial ground administration required in response to the increase in the number of internments. This has placed severe pressure on the current staff within the Moray Registration Service and it is therefore requested that the Council authorise the allocation of Scottish Government pandemic funding to recruit two temporary posts of a Grade 3 Administrative Assistant to support the Registration Service in the delivery of the burial grounds administration and to undertake other general administration tasks within the Registration Office. These posts will also form part of a planned review of the burial grounds and burial grounds admin service.

3.14 During the pandemic the number of requests for home education rose significantly, alongside additional requests for personalised Additional Support Needs (ASN) flexible learning packages and an increased level of support required for children on the edge of care or in residential care, within or outwith Moray. The Council is insufficiently resourced to carry our statutory duties associated with Home Education. To address this it is proposed to appoint a Principal Teacher – Home Education (1fte) to take on the growing case load of Home Educated families, to undertake face to face visits for home education, flexible education package providers, residential care and education providers outwith Moray, and to look at the Flexible Schooling policy which requires to be developed. As it is unclear whether the demand for home education is likely to continue at this level post pandemic it is proposed that in the first instance this is a temporary post funded from covid ear marked reserves. If demand does continue at the current level this will become a recurring budget pressure for 2023/24.

3.15 As noted at the Council meeting on 20 September 2021, loss of income and Council Tax Reduction will be kept under review. The first estimated actual for 2021/22 was reported to Corporate Committee on 30 November 2021 and that included a shortfall in income for the year projected to be £1.2 million above the £0.5 million originally budgeted for, an improvement on the position estimated at the end of quarter 1, which was for a further £1.5 million loss of income. Council Tax Reduction is also showing an improved position and is projected to be £200,000 less than budgeted for.

3.16 Recently various proposals have been made through notices of motion at Council for expenditure on items identified by members as issues they would like to promote. The covid ear-marked reserve is a potential funding source for such initiatives, particularly if spend is one-off. The impact in financial planning terms would be a requirement to find further savings in 2023/24, where the balance of the covid reserve is being used to reduce budget savings. Savings required by 2024/25 are currently estimated to total £14 million across 2023/24 and 2024/25 with very little currently emerging through service redesign and realignment to address this.

Savings

3.17 Two savings are recommended to be approved for 2022/23 at this juncture. Neither impact on staff and so do not require consultation. However, it is good practice to approve savings in a timely fashion as that gives clarity as to the balance to be sought at a later juncture. Uptake of the green waste collection service continues to increase. Income for 2020/21 is £55,000 above budget and it is proposed that the budget for 2022/23 is increased by £50,000, assuming a similar level of sales and no increase in cost. The Council’s contract for banking services came to an end during this financial year and has been renegotiated, allowing a one-off saving of £23,000 in 2022/23.

Capital plan review

3.18 The Council maintains a 10 year indicative capital plan for financial planning purposes. This is reported to Council as part of the budget-setting process and the capital plan for the coming financial year approved when the Council Tax and revenue budget are approved. In the last few years the 10 year Capital Plan has had a light touch review and as reported to Council on 15 September 2021 a more detailed review had been undertaken. The review took place at time when many services were experiencing shortfall in capacity and there will be a mop-up exercise during December / January to further inform the draft Capital Plan. This review to date is reported on in the following paragraphs.

3.19 All capital budget managers were asked for information underpinning the capital plan. Information requires to be up-to-date and capital funding requirements should be developed in a strategic fashion, bearing in mind the Council's priorities, availability of external funding (where appropriate), asset management requirement. Recent work on the Property Asset Management Appraisal (PAMA) needs to be factored in to consideration of work required on Council buildings. The emerging implications of the Climate Change Strategy need to be accommodated in the financial planning process. There have been opportunities to apply for significant funding streams, such as the Local Bridges Maintenance Fund and the Levelling Up Fund. Co-dependencies exist between some areas of the Capital Plan – for example the Learning Estate Review will impact not only on capital plans for school buildings but also on the leisure estate and ICT requirements. Further implementation of the PAMA will also impact on ICT requirements. Ideally development of the PAMA would be informed by Service Asset Plans. The Council's Asset Management Plans are based on asset type, following CIPFA recommendations. As yet there are no Service Asset Plans – which cut across asset types and (crucially) look to identify future requirements based on service plans - and the capacity to develop these is currently limited, but without them taking a strategic approach to the Council's buildings will be difficult. The Climate Change Strategy potentially impacts on all building related spend and all vehicle spend. The major influences on the future shape of the capital plan will be the Learning Estate Review and the Climate Change Strategy. Both will take time to develop and Service Asset Plans will evolve in parallel. The capital plan proposed in February 2022 will require to factor in an interim level of spend for both, recognising that the detail will be developed as plans are developed, in the case of Climate Change based on consultants' specialist advice.

3.20 Areas of historic budget where there is a need for a review in the light of current information and identification of needs have been highlighted and the Asset Management Working Group will develop a prioritised approach to these areas for improvement. It is anticipated that excepting the major areas where it will take time to develop detailed plans as highlighted above, much of this information will be available for the budget setting meeting in February.

3.21 The Capital Plan is divided into service areas and these are discussed individually below and summarised in **APPENDIX 2** to this report.

3.22 **Learning Estate** The current 10 year plan contains £227.06 million related to the Leaning Estate. It is recognised that the information is based on historic estimates and requires to be updated as results of the condition surveys being currently carried out become available. Funding bids for the Learning Estate Improvement Programme (LEIP) are being prepared. Without significant external funding the improvements required to the Learning Estate are unaffordable. Development of the Learning Estate Strategy will inform capital requirements in this area. As condition surveys are completed and work on the Strategy progresses amendments to the current plan will be recommended.

3.23 **Leisure and Libraries** The current capital plan includes £5.257 million for replacement swimming pools, refurbishment of pitches, equipment and furniture. The interim review indicated expenditure of £10 million is more likely to be realistic. Condition surveys of the leisure estate will be used to further develop this estimate, which also includes a sum for refurbishment of Moray Leisure Centre based on a recent condition survey. However, given the age of the building and nature of the facilities in it, a further review based on carbon is required to link to the Climate Change Strategy and an options appraisal undertaken. As noted in paragraph 3.19 there will be a strong link between this area of the Capital Plan and the Learning Estate Strategy.

3.24 **Corporate** The current version of the 10 year plan includes £1.918 million for corporate buildings, equipment and furniture. The £770,000 Place Based Investment Programme, funded by Scottish Government, is included in this section of the Capital Plan. This was the subject of a report to Council 0n 30 June 2021 (paragraph x of the Minute refers) and was used to support development of Buckie harbour as a base for windfarm maintenance.

3.25 **Depots** £1.5 million is currently included as an estimated sum to implement the depots review. That review has concluded and it is likely that the sum included will be recommended to be reduced, subject to further recommendations regarding fleet carbon reduction as this will affect depot requirements

3.26 **Industrial Estate** The current version of the 10 year plan includes £13.537 million investment in the Council's industrial portfolio, with £2.5 million being part of the proposals for economic recovery after the pandemic. Investment in the industrial portfolio is underpinned by business cases for investment and these will be reviewed before the latest 10 year capital plan is reported to Council in February 2022.

3.27 **Parks and Open Spaces** This is an area where in the past the Council did not have good asset management information. In recent years work has been undertaken to improve the information available and further work by way of detailed site audits is planned. The current 10 year plan has £6.495 million for this area, with £3.47 million for cemetery provision.

3.28 **Waste Management** The current version of the 10 year plan contains £16.504 million, of which £13.3 million is for the NESS Energy from Waste plant. The budget includes replacement refuse bins and will require to be reviewed when the Council decides whether the current 3 week collection cycle is to be retained or the fortnightly rota reinstated. The timescale for this is dependent on discussions with the trade unions.

3.29 **Roads Improvements** The current 10 year plan includes £101.459 million for roads improvements. This reflects an increased budget in future years to cover the cost of additional works originally forecast to be required due to the reduced level of roads works approved for the last few years as a calculated budget saving. As noted when the budget for 2020/21 was set, the originally forecast deterioration of road conditions was not reflected in the then latest roads condition survey. As agreed at that juncture, the future roads programme requires to be held under review as up-to-date condition surveys are carried out. The current plan still reflects what may be considered to be a worst case scenario. When the capital plan for 2021/22 was approved a cap was put on spend on roads to ensure that it could be carried out in-house. If the capital budget is to be increased over time to the level originally anticipated to be required to maintain roads at the approved asset standard and the work is to be carried out in-house (which would be the preferred option of the service) an increase in staffing would be required as there is no capacity to do this level of work – spend of over double the current level of spend - in-house at present. Proposals would require to be brought forward and if approved would be expected to represent a commitment to keep expenditure at the higher level going forwards. However, the situation for the short term remains that the results of the roads condition surveys will be used to monitor immediate need and as trends develop to inform the need for updated modelling.

3.30 **Street Lighting** The current plan includes £8.807 million for replacement street lighting columns. It is envisaged that that sum will be sufficient to enable old columns to be replaced when life-expired to ensure the safety of the general public and so no change to this budget will be proposed in February 2022.

3.31 **Car parks** The current plan includes provision of £0.972 million for works at multi-story car parks, based on condition surveys.

3.32 **Traffic and road safety** The current 10 year plan contains budgets totalling £5.791 million – these are historic and require to be reviewed. The service is keen to do so but there was not sufficient capacity to do this in time for the review of the capital plan. A timeframe for this, expected to be in the early stages of 2022/23, will be agreed with the service.

3.33 **Bridges** The current plan includes provision of £15.287 million for replacing / refurbishing bridges. Schemes are based on strategic prioritisation, with this kept under review and schemes reprioritised to reflect changing circumstances when necessary. The Council has been successful in attracting funding from Scottish Government for Key Lifeline Bridges. This will fund a project included in the plan for 2021/22 and enable other works planned for later in the plan to be brought forward. Detail was reported to Corporate Committee this morning. Further re-profiling in response to emerging works has been required in 2021/22. The service had re-profiled the capital budget for the review, with an anticipated spend requirement of

£20 million and this will be reviewed again following the grant award to input into the budget setting process.

3.34 **Flood management** The current plan contains £6.675 million, the bulk of which is planned for flood alleviation schemes in Lossiemouth Seatown and Portessie. The schemes are contingent on Scottish Government funding but the funding allocated to flood management by Scottish Government is oversubscribed and the availability of future funding is therefore currently unclear. Work is being carried out at a national level to scope the extent of the problem and its likely impact.

3.35 **Harbours** The allowance of £4.713 million in the current plan is historic and requires to be updated in conformance with the Harbours Asset Management Plan. Timescales for this, expected to be early in 2022/23 at the latest, will be agreed with the service.

3.36 **Fleet** The current plan includes a budget of £34.022 million for replacement vehicles and plant in accordance with the Vehicle Asset Management Plan. This assumes like-for-like replacement and will require updating in the light of the Council's Climate Change Strategy. Costs of vehicles will increase and the cost of infrastructure – charging points – requires to be factored in. The consultant's report on this aspect will inform future plans.

3.37 **ICT** The current plan includes £6,699 million expenditure on ICT. The requirements for spend will be reassessed in the light of PAMA, the Learning Estate Strategy, development of Scottish Governments arrangements for a device for every child and so should be regarded as provisional.

3.38 **Economic Development and Moray Growth Deal (MGD)** The current plan contains budgets of £1.782 million for economic development projects in 2021/22 and £9.957 million for Council-led MGD projects across the lifetime of the deal, excluding potential borrowing costs as Lead Agency for which £4m has been earmarked. The plan requires to be amended to reflect all projects and partner contributions, to enable the profile of borrowing to support the pattern of grant funding from Scottish Government, which will lag behind spend, and facilitate development of Prudential Indicators to enable this. This cannot be done until the profile is finalised.

Short term financial planning

3.39 The revised budget position for 2021 to 2025 is included as **APPENDIX 1** to this report, updated to incorporate the additional emerging budget pressures referred to in paragraph 3.2. The underlying position of the Council in 2021/22 remains that budgeted expenditure is overcommitted against funding, with reliance on the use of Business Rates Incentivisation Scheme (BRIS) retention and financial flexibilities (now swapped out against ear-marked covid reserves) to balance the budget. The initial estimated out-turn for 2021/22 indicates an overall overspend, adding to the likely pressure on reserves for this financial year. The budgets reflect the position if all funding and savings above are incorporated. The budget also assumes covid ear-marked reserves will be fully utilised in 2023/24, giving maximum protection against the need to make savings in the short term, although that still results in a projected savings target of over £8 million in 2023/24.

3.40 The projected figures do not include recurring budget to address increased poverty or promote wellbeing and support a limited move towards preventative approaches. The projected figures for 2023/24 indicate that the underlying budget position is still one of overcommitment.

3.41 The figures reflect the Council decision to set aside monies to fund transformation of services and other priorities, but the funding is all from reserves and can only be used for development and not for recurring expenditure. This means that as well as generating savings for 2023/24, a clear strategy within services receiving transformation funding will be needed to sustain improvements when this funding ends without generating recurring additional revenue costs as failure to do so will further increase the savings which require to be identified.

3.42 There are still significant uncertainties regarding the Council's finances, particularly regarding pay awards for 2021/22 (although progress has been made with the non-teaching workforce) and for future years and the impact of the consolidation of the Living Wage, with significant differences between the different models investigated. Inflation is increasing and the impact of this is beginning to be felt. The level and duration of grant funding we might expect for the 1.25% increase in National Insurance announced in the UK Sending Review is unclear. This increase is likely to result in contract price increases, particularly for social care providers and Early Learning and Childcare partner providers and is also likely to create pressure, along with higher rates of inflation, for higher pay awards for local authority staff and procured services in the near future. Projections for the level of Scottish Government grant support remain as previously reported, showing a modest increase in core funding to reflect the last Scottish Government Spending Review, but this is likely to change following the Scottish Government's next Spending Review on 9 December 2021.

3.43 Another area where there is significant uncertainty is the Council's capital plan, as discussed above. This impacts on revenue spend and the Council adopted a Performance Indicator for affordability of the proportion of the revenue budget spent on servicing debt. The Local Government Benchmarking Framework uses the ratio of financing costs to net revenue stream to measure this and the most recently available results for the Council and its benchmarking family are set out below. As can be seen, Moray is in a fairly central position.

Authority	**13/14**	**14/15**	**15/16**	**16/17**	**17/18**	**18/19**	**19/20**
Moray	8.36%	8.22%	9.58%	8.66%	9.52%	9.95%	9.50%
Aberdeenshire	6.29%	6.47%	6.16%	6.47%	6.38%	6.59%	6.62%
Highland	12.20%	12.40%	11.90%	12.90%	13.60%	13.30%	13.00%
East Renfrewshire	9.70%	9.70%	8.60%	8.30%	8.70%	9.00%	9.00%
Midlothian	4.70%	4.30%	3.90%	3.50%	3.90%	2.90%	3.00%
Stirling	10.00%	10.00%	10.00%	10.00%	9.00%	9.00%	9.00%

3.44 As the detail of the capital plan is developed for budget setting purposes the estimated impact on revenue will be costed. It should be noted that interest rates are at a historic low and any increase in interest rates will limit the Council's ability to fund capital expenditure.

3.45 The capital plan will require to make provision for the impact of carbon net zero, and the draft capital plan brought forward as part of the budget-setting process will include an indicative one-line budget for this. Over time, as details of required spend become clearer this will become subsumed into the service lines.

Timescale

3.46 More detailed revenue proposals will be brought to Council on 19 January 2022, with budget setting planned for 22 February 2022.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))
The Council's budget should reflect the Council's priorities as expressed in the Corporate Plan and LOIP.

(b) Policy and Legal
The Council must set a balanced budget as required by the Local Government Finance Act 1992 (section 93).

(c) Financial implications
The financial implications are set out in the report. The Council faces challenges in developing both revenue and capital plans, with an underlying requirement to make savings. There are sums set aside for transformation of services but these can only be spent once and only amount to less than 5% of the Council's funding requirement.

(d) Risk Implications
There are many risks inherent in financial planning. Current major risks for the planning process are identified in the report. However, the biggest risk would be if the Council did not adequately plan for the future.

(e) Staffing Implications
There are no staffing implications arising from this report.

(f) Property
None arising directly from this report.

(g) Equalities/Socio Economic Impact
None arising directly from this report.

(h) Consultations
CMT and Heads of Service have been consulted in the preparation of this report and comments incorporated.

5. <u>CONCLUSION</u>

5.1 The Council has an underlying requirement to make savings and the focus should be on transformation of services to reduce costs whilst still delivering services.

5.2 Use of funding from the covid ear-marked reserve will cover additional costs and loss of income in 2021/22 and facilitate balancing the budget in 2022/23, while new transformation plans are developed.

5.3 The Council's Capital Plan has significant areas still to be reviewed and developed. Some of these areas are anticipated to be reviewed prior to setting the budget, but some are dependent on longer term pieces of work. The Council needs to incorporate an element to cover the cost of transition to net carbon and this will add a further budget pressure.

Author of Report: Lorraine Paisey, Chief Financial Officer
Background Papers:
Ref: