

Overview & Scrutiny, 18th January 2021

6. Budget proposals 2021/22

Councillor Matt Babbage, Chair of the Budget Scrutiny Working Group

The Budget Scrutiny Working Group (BSWG) was set up by Council in 2010 as a result of the economic crisis and increasing pressures on the council's financial resources. It was agreed that this group should be a scrutiny task group and form part of the new overview and scrutiny arrangements. The group aims to ensure that members work collectively, accepting political differences, on solutions to the budget gap. The working group is not a decision making body, but its role is to develop the budget process, support the development of Members' scrutiny role and to consider ideas from Members for reducing the budget gap.

The group met on Thursday 14th January to discuss the Housing Revenue Account and General Fund interim budget proposals for the coming year. Councillor Steve Jordan (Cabinet Member Finance), Paul Jones (Executive Director Finance and Assets), Gemma Bell (Head of Finance) and Stafford Cruse (Head of Finance, Cheltenham Borough Homes) were present to introduce the reports and respond to members' queries.

Members welcomed the reaffirmation of support for key tenets of the recovery budget agreed at full Council in November, including the Golden Valley development, carbon neutrality, economic development, apprenticeships and upgrading the High Street. However, they queried the financial feasibility of applying the council's carbon neutral commitments to every property, and it was acknowledged that greater clarity was required about the future of the government's decarbonisation funds.

The topic of business rates was discussed in detail, with the council's loss of income due to the government's business rates holiday being a particular concern. Members were reassured that the council would receive a significant Section 31 grant to account for this, covering £3.7m of a projected £5m income gap. Officers also explained the benefits of the Gloucestershire Business Rates Pool, which allows for a greater amount of income to be retained and distributed across the county.

Members then focused on the topic of council tax, noting that the proposed £5 increase equated to 2.34%, the maximum permitted without a referendum. It was explained that the degree of flexibility regarding council tax rises varied at different tiers of governance, with the county council and PCC able to propose a larger increase than borough or district councils. Members agreed that Cheltenham's proposed rise was appropriate for the area.

The key theme emphasised by the group was the uncertainty surrounding the coming financial year, and the need to be in the strongest possible position to cope with whatever challenges arise. The budget proposals avoid dipping into the council's cash reserves, allowing it to maintain a strong financial position with considerable flexibility if required.