

Cabinet & Policy Development Groups

3 January 2019

Budget 2019/20 - Update

Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Deputy Chief Executive (S151)

Reason for the report: To review the revised draft budget changes identified and discuss any further changes required in order for the Council to move towards a balanced budget for 2019/20.

RECOMMENDATION: To consider and agree the updated General Fund budget proposals for 2019/20 included in Appendix 1 and the Capital Programme included in Appendix 2.

Relationship to the Corporate Plan: To deliver our Corporate Plan's priorities within existing financial resources.

Financial Implications: Now the Council has received notification of the Provisional Settlement it is imperative that it matches current and ongoing expenditure plans to estimated sources of income/funding.

Legal Implications: None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

Risk Assessment: Service Managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. This position has been revised based on an additional two months of financial monitoring information and the changes announced in the Provisional Settlement released on the 13/12/18. In addition prudent levels of reserves will also continue to be maintained.

Equality Impact Assessment: There are none identified.

1.0 Introduction

- 1.1 On the 13 December 2018 the Council received the Provisional Settlement from Central Government. The Provisional Settlement confirmed some of our previous assumptions namely; that we would not be successful in our bid for 75% Business Rates Retention; that the Government would not impose negative Revenue Support Grant and that, New Homes Bonus calculations would not change significantly.
- 1.2 From our reading of the Settlement we have been fortunate to receive some recognition of our rurality through an increase to Rural Services Delivery Grant (RSDG) of £92,185. The Settlement also brought an unexpected bonus of £33,408 which relates to a redistribution of excess Business Rates levy which

the Government announced as part of the Settlement. Our overall Business Rates forecast was robust and we saw a small increase of £11,720 when the tariff figures were confirmed. There will be a further movement on Business Rates when we confirm our figures in our NNDR return which we will submit at the end of January. Any movement in our Business Rates figures at this time will be mitigated by a transfer to or from the Business Rates Smoothing Reserve. We anticipate that this NNDR1 will highlight further growth in our Business Rates.

- 1.3 The New Homes Bonus grant calculations have been a “moving feast” with additional affordable homes (72) increasing our allocation and the top-slice of growth not being quite as high as we had anticipated. Now the figures have been confirmed, our allocation for 2019/20 is confirmed at £1,243,503 which reflects a positive increase in 2018/19 to the housing stock across the district.
- 1.4 As part of the Settlement the Council has also been given the freedom to raise its Council Tax by up to 3% (before a referendum is triggered). This would raise an additional £27k from the £5 increase which was provisionally indicated at Cabinet in October.

2.0 2019/20 General Fund Budget - Revised Position

- 2.1 Since the first round Cabinet and PDG meetings the Finance team and service managers have been revisiting a range of budgets to deliver more savings or increase income levels. Please see summary table below:

Table 1 – Reconciliation of Major 2019/20 Budget Variances

Variances	Amount £k
19/20 Budget Shortfall (Cabinet Report 25/10/18)	662
Further Cost Pressures identified	358
Additional Savings identified	(437)
Additional (net) recharge to HRA	(63)
Minimum Revenue Provision (MRP) reduction	(66)
Additional Rural Services Delivery Grant	(92)
3% increase in C/Tax (£5 previously built in)	(27)
Business Rates Levy Re-distribution	(33)
Business Rates Tariff adjustment	(12)
Council Tax growth	(37)
Draft budget gap for 2019/20 (See Appendix 1)	253

3.0 Conclusion

- 3.1 It is encouraging that the Council has managed to significantly close the budget gap of £662k discussed at earlier meetings, considering the factors that have been outside of our control such as the new pay scales and the reduction of spinal points which has created significant pressure in areas such as Waste; Street Scene and; Leisure which employ significant numbers of lower-earners.

- 3.2 Moving forward Members and officers need to look to the pressures over the next few years reflected in our recently updated MTFP and our need to address ongoing pressures which cannot be satisfactorily addressed by the one-off use of reserves.
- 3.3 In order to conclude the statutory budget setting process, this updated draft budget position will go through Cabinet, another round of PDG's, Scrutiny, and a final meeting of the Cabinet before being agreed at Full Council on the 27/02/19. During this period officers will continue to identify and examine further savings possibilities that can reduce the current budget gap.

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Background Papers: Draft 2019/20 Budget Papers
Provisional Settlement Email

Circulation of the Report: Leadership Team, Cabinet Member for Finance, and relevant Service Managers